SOUTH AFRICA

INTRODUCTION

SOUTH AFRICA is an upper-middle income country with a gross national income (GNI) per capita of USD 4 591 (2010) which has grown at an average rate of approximately 3.3% per annum between 1994 and 2009 (StatsSA, 2010).[1] It has a population of approximately 50 million, 22% (2008) of whom (11 million people) currently live below the 36 dollar income poverty line (StatsSA, 2010).

Since 2005, South Africa has achieved strong macroeconomic performance, fiscal policy robustness, good infrastructure and a diversified economy with a vibrant private sector. Major social and economic inequalities in the population still remain largely delineated along racial lines. 70% of national income is accrued by 20% of the richest people in the country making it one of the most challenging countries in the world with regards to income inequality. Unemployment in 2010 was rated at 24.9%. Despite this, poverty levels in South Africa have reduced significantly in the last decade.

South Africa's progress on the Millennium Development Goals (MDGs) is mixed. South Africa has just about reached the global targets for literacy and primary school enrolment; however deficiencies are noted to be quite evident in quality of education. South Africa has high child and maternal mortality rates and life expectancy indicators suffer significantly from the burden caused by the HIV-AIDS pandemic. HIV prevalence is one of the highest in the world, however, this has been stabilised as a result of government intervention.

The Government of South Africa's socio-economic orientation tends to be on growth through re-distribution and heavy investment in the social sectors. 59% of the budget of the Government of South Africa has been allocated to education, health, social protection and housing (National Treasury, 2011). The major thrust of the government's economic policy is job creation through investments in infrastructure and public works, promotion of labour-intensive industries (agriculture, mining, construction, manufacturing and services), innovative "green economy" initiatives, supporting rural development and regional integration.

South Africa is one of the least aid-dependent countries in Africa. According to OECD statistics (2010), official development assistance (ODA) to South Africa in 2009 totalled USD 1 114 million (OECD, 2011). Since 2005, South Africa has received net ODA of on average USD 882 million per year, with ODA averaging 0.3% of GNI and approximately 1% of the government budget (World Bank, 2011). National data suggest slightly higher levels of ODA, with 2010 figures showing that South Africa received approximately ZAR 7.5 billion (USD 960 million) in ODA – an average of 0.4% of GNI.[2] ODA is used by the South African government as a strategic extra-budgetary resource to improve systems, share best practices, experiment with new models, unlock bottlenecks, add value and play catalytic roles in the delivery of services. In addition, South Africa receives an extra ZAR 7 to 8 billion (USD 900 million to 1 billion) per year in non-concessional loans from international development banks to South African parastatals and state-owned enterprises.[3] Large volumes of external assistance also enter the country through non-governmental channels. These forms of finance are not included in the data presented in this chapter. The Government of South Africa is currently discussing the establishment of a South African Development Partnership Agency (SADPA) which will act as a central agency channelling South Africa's international development assistance. South Africa is both a beneficiary and a provider of aid, supplying bilateral technical assistance, as well as being involved in South-South and triangular as well as bilateral co-operation. ■

TABLE 1:
Baselines and targets for 2010

	INDICATORS	2005 REFERENCE	2007	2010 ACTUAL	2010 TARGET
1	Operational development strategies	--	--	B	'B' or 'A'
2a	Reliable public financial management (PFM) systems	--	--	--	No Target
2b	Reliable procurement systems	Not available	Not available	Not available	No Target
3	Aid flows are aligned on national priorities	71%	--	0%	85%
4	Strengthen capacity by co-ordinated support	95%	--	88%	50%
5a	Use of country PFM systems	38%	--	25%	No Target
5b	Use of country procurement systems	44%	--	30%	No Target
6	Strengthen capacity by avoiding parallel PIUs	15	--	22	5
7	Aid is more predictable	44%	--	93%	72%
8	Aid is untied	97%	97%	99%	More than 97%
9	Use of common arrangements or procedures	27%	--	61%	66%
10a	Joint missions	19%	--	52%	40%
10b	Joint country analytic work	75%	--	39%	66%
11	Results-oriented frameworks	--	--	B	'B' or 'A'
12	Mutual accountability	Y	Not available	N	Y

TABLE 2:
Learning from success and challenges

	ACHIEVEMENT OR *CHALLENGE*	**LESSON** OR *PRIORITY ACTION*
Ownership	**Achievement:** South Africa has full leadership of its development agenda, demonstrating credible alternatives to poverty reduction strategy papers and costing via its budget process.	**Lesson:** Finalise the long-term vision.
Alignment	**Challenge:** Limited use of country systems by donors despite country systems achieving exemplary performance during assessments.	**Priority action:** Shift donor support to programme-based approaches or National Reconstruction and Development Programme Fund to support use of national systems.
Harmonisation	**Challenge:** Identify clear costs and benefits for harmonisation at sector department level, leading towards a strategy to guide further harmonisation.	**Priority action:** More assertive role by government in co-ordination of donor procedures and donors to improve co-ordination among themselves.
Managing for results	**Achievement:** Strong and clear link between monitoring and evaluation system and national strategy.	**Lesson:** Monitoring and evaluation must involve all levels of service delivery.
Mutual accountability	**Challenge:** Major limitations faced by Treasury in collecting data from donors and departments.	**Priority action:** Formalise common reporting systems and formats between government and donors regarding ODA information and effective data collection.

SUMMARY OF PROGRESS

PROGRESS ON THE PARIS DECLARATION INDICATORS depends on improvements by both donors and partner governments. In this context, South Africa met the 2010 targets for ownership and management for results as well as three indicators on alignment. The data show that South Africa did not meet the target for mutual accountability established under the Paris Declaration, nor any of the three indicators on harmonisation. Overall, progress was mixed with no clear trend.

ABOUT THE SURVEY

This chapter is based on evidence submitted to the OECD by the Government of South Africa (GoSA) and 41 donors. The Government of South Africa managed the process with the European Union (EU), United States Agency for International Development (USAID) and the United Nations Development Programme (UNDP) playing facilitating roles in the process. Together they are referred to here as "the country stakeholders".

In its reporting, the GoSA notes that the Paris Declaration monitoring exercise suffers from methodological challenges, including the subjective nature of the reports provided by respondents and differences in the information received from various government departments, from OECD datasets and from donor offices in the field and at headquarters. The GoSA also notes that robust comparison over time is difficult, as the 2006 Survey in South Africa was based on data provided by 21 donors, while the 2011 Survey uses responses from 43 donors covering approximately 95% of South Africa's core ODA as well as several other aid providers.

This monitoring exercise serves as an important instrument to stimulate broad-based dialogue at the country level between donors and the GoSA in order to track progress together on mutual commitments, foster a shared understanding on aid issues and identify opportunities, obstacles and critical areas in the implementation of the aid effectiveness agenda at the country level. As such, the GoSA has built on the global survey process to develop a more comprehensive country-level survey process responding to its particular information needs, and areas in which it feels that it faces particular challenges with regard to the way in which aid is delivered by donors. ■

OWNERSHIP

AID IS MOST EFFECTIVE when it supports a country-owned approach to development; it is less effective when aid policies and approaches are driven by donors. In the context of the Paris Declaration, ownership concerns a country's ability to carry out two, interlinked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

INDICATOR 1
Do countries have operational development strategies?

Indicator 1 assesses the operational value of a country's development strategy. In particular, it looks at the existence of an authoritative country-wide development policy (*i.e.* a unified strategic framework), the extent to which priorities are established, and whether these policies are costed and linked with the budget. All of these features are important to harness domestic resources for development, and to provide a basis for the alignment of aid to development priorities. South Africa has provided evidence against these criteria, and this has been translated into a score by the World Bank using the same methodology as in the 2006 and 2008 surveys. A five-point scale runs from A (highest score) to E (lowest score). The Paris Declaration targets 75% of partner countries achieving a score of A or B by 2010.

The World Bank awarded South Africa a B score, noting that South Africa has a national development strategy (NDS) and that it is currently finalising a long-term vision. This score sees South Africa meeting the 2010 Paris Declaration target.

As a middle-income country that is not aid-dependant, South Africa is in a position to be firm on the principle of national ownership, taking leadership in its own development trajectory, avoiding significant influence from its donors. South Africa has chosen not to have a poverty reduction strategy paper, preferring an elaborate medium-term strategic framework which fulfils the same function and providing a five-year plan for the country's socio-economic growth based on five over-arching priorities set out in the electoral manifesto of the winning party (the African National Congress). Under the current government, ten strategic priority areas are elaborated in a detailed development plan through the medium-term strategic framework (MTSF). A Presidential Plan of Action (PoA) translates the national priorities into 12 sector outcomes, each with defined outputs and sub-outputs to be achieved within the MTSF period. The MTSF and the Presidential PoA addresses each of the Millennium Development Goals (MDGs) as well as other pressing local priorities.

On this basis, the World Bank reports that the NDS has close links to strategic plans, influencing them through the link between 12 sector outcomes with shared goals. The NDS is widely used by policy makers and line ministries as a reference point and it contains prioritised targets as well as mechanisms to ensure their achievement. Both the MDGs and cross-cutting themes have been integrated into the NDS. The NDS is linked strongly with the budget process through a medium-term expenditure framework (MTEF) and the functional equivalent of a medium-term fiscal framework (MTFF). Through the annual budget process, the NDS priorities and strategic sector plans are reflected in budget allocations. The World Bank reports that there is no evidence of performance-orientation in budget planning or allocation.

The NDS is not costed, with costing undertaken through the annual budget process instead. The budgeting process follows a three-year rolling medium-term expenditure framework (MTEF), firmed up through annual budgets, which are based on the MTSF priorities and sector strategic plans as set out in the Presidential PoA. The detailed strategy to achieve each Presidential Outcome is elaborated in respective delivery agreements signed by different ministers. For each sector, Implementation Forums are established to monitor the progress of the delivery agreements and co-ordinate the various government entities working towards that outcome. The country stakeholders report that in the last few years an elaborate government-wide monitoring and evaluation (M&E) framework has been established to monitor the results along the outcome chain within the Presidential PoA.

South Africa does not currently have a long-term vision. However, a long-term national development strategy will be made public in the upcoming Vision 2025 document which is currently being prepared by the Presidency's Planning Commission and which is expected to be finalised by the end of 2011. In recent years, there have been increased efforts to align donor support to the MTSF. ■

ALIGNMENT

AID THAT IS DONOR DRIVEN AND FRAGMENTED is less effective. For aid to be effective, it must make use of national development strategies, and use, and help strengthen capacity in national systems such as those for procurement and public financial management. The Paris Declaration envisions donors basing their support fully on partner countries' own aims and objectives. Indicators 2 through 8 of the Paris Declaration assess several different dimensions of alignment.

Of the five alignment indicators with targets, the overall achievement is mixed for South Africa. The GoSA notes that assessing progress against these indicators has been challenging, in part due to the means through which data is collected for the survey. For some indicators, data appear to show setbacks where this may not in fact be the case – for example, because ODA is not part of the budget process, it does feature in the GoSA's estimates of national expenditure.

INDICATOR 2
Building reliable country systems

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. Do these systems either adhere to good practices or are there plans for reform? If countries have reliable systems, donors are encouraged to use them for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

INDICATOR 2a
How reliable are country public financial management systems?

Indicator 2a of the Paris Declaration assesses whether PFM systems meet broadly accepted good practices or whether credible reform programmes are in place. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong).

To score highly, a country needs to perform well against all three of the following criteria: a comprehensive and credible budget linked to policy priorities; effective financial management systems to ensure that the budget is implemented as intended in a controlled and predictable way; and, timely and accurate accounting and fiscal reporting, including timely and audited public accounts with effective arrangements for follow up. Meeting the global 2010 target requires half of all partner countries to move up at least one measure (*i.e.* 0.5 points) between 2005 and 2010.

South Africa was not assessed on the quality of its public financial management systems as this relies on the World Bank Country Policy and Institutional Assessment which typically is only carried out for LDCs. However, stakeholders in South Africa detail a lengthy PFM reform programme and point to a range of evidence in this area. Many reforms have taken place within the last decade to improve the public financial management system in South Africa. The amended Public Financial Management Act (PFMA) shifted budget formulation from a rules-based to a principles-based approach, thus enabling more decentralised controls. The Municipal Financial Management Act (MFMA) provides guidance on roles and responsibilities of various officials at Municipal level and to strengthen the budgetary capacity of local governments. The Division of Revenue Act (DORA) was promulgated in which national, provincial and local budgetary allocations were based on set formulas and general country priorities. Other reforms include the policy guidelines on asset management (2004), inventories (2007), consolidation accounts (2009), integrated human resources and asset management (2009) and contracts (2010). The South Africa National Treasury is responsible for developing policies, guidelines and best practices in the area of public financial management. Institutions such as the Accounting Standards Board and South African Revenue Services have been established and built upon respectively to improve public financial management.

South Africa has undergone several external evaluations of its public financial management systems and these have underlined South Africa's strong performance as a result of the reforms. For example, the 2010 Open Budget Index conducted by the International Budget Partnership ranked South Africa as number one in the world regarding budget transparency (IBP, 2010).

In the 2008, the Public Expenditure and Financial Accountability programme conducted a Public Financial Management Performance Assessment Report in South Africa which scored the country highly across the various 31 indicators of budget credibility, comprehensiveness and transparency, policy-based budgeting, controls in budget execution, accounting and reporting, audits and scrutiny, with lower scores on procurement controls, tax collection and donor practices in relationship to budget (see more in the Alignment section). The lowest PEFA scores were assigned to predictability, financial reporting and use of country systems by the donor community (Quist *et al.*, 2008).

INDICATOR 2b
How reliable are country procurement systems?

Indicator 2b was first measured in 2008 by 17 countries. The process is one of self-assessment, using the Methodology for the Assessment of National Procurement Systems developed by the OECD-DAC Task Force on Procurement. The methodology includes baseline indicators to compare a country's systems to internationally-accepted good practice and also a new set of indicators to assess overall performance of the system, compliance with national legislation and standards and whether there is a reform programme in place to promote improved practices. The results are expressed as grades on a four-point scale running from A (the highest) to D (the lowest). The 2010 target is for a third of partner countries to move up at least one measure (*i.e.* from D to C, C to B or B to A) although not all countries will perform an assessment.

South Africa did not participate in the self-assessment process. Nevertheless, stakeholders in South Africa have, in their reporting for the 2011 Survey, detailed a significant history and package of reforms starting in 1995 with a focus on promoting efficiency and effectiveness and addressing socio-economic objectives to support small and medium enterprises and disadvantaged groups within the society. In this context, the Preferential Procurement Policy Framework Act was adopted in 2000 and a supply chain management policy was also adopted in 2003 to help bring the procurement system of South Africa to international standards and address inefficiencies identified within the system. The new system promotes uniformity in supply chain management processes and in the interpretation of the government's preferential procurement legislation and policies.

INDICATOR 3

Aligning aid flows on national priorities

Comprehensive and transparent reporting on aid, and its use, helps ensure that donors align aid flows with national development priorities. When aid directed to the government sector is fully and accurately reflected in the national budget it indicates that aid programmes are well connected with country policies and processes. This also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

As a proxy for alignment, indicator 3 measures the percentage of aid disbursed by donors for the government that is included in the annual budgets for the same fiscal year. The indicator reflects two components: the degree to which aid is aligned with government priorities; and the extent to which aid is captured in government's budget preparation process. Budget estimates can be higher or lower than disbursements by donors and are treated similarly for the purpose of measuring indicator 3 despite the different causes.

The 2010 target is to halve the proportion of aid flows that are not currently reported on government budgets with at least 85% of aid reflected in the budget.

Country stakeholders report that a large proportion of aid is implemented outside of government systems, particularly aid to non-state actors and non-concessional loans to parastatals. South Africa has taken the approach of defining ODA as that aid where the South African government is at least partially responsible or accountable for management of the funds. Of this more restricted flow of aid received by South Africa in 2010, none (0%) of the aid disbursed by donors for the government sector was captured by the government's budget estimates. The GoSA informs that it is deliberate in its exclusion of donor financing in the budgetary appropriation processes. Aid in South Africa is reported separately as extra-budgetary income to the respective government departments. Each government department accounts for and reports on aid flows every year in the context of the Treasury's medium-term expenditure framework, and annual Estimates of National Expenditures (ENEs). Use of aid on budget as the numerator for indicator 3 therefore tends to underestimate the degree of alignment of aid in South Africa, as well as the extent to which it is captured by government systems.

GoSA estimates produced in the context of the 2011 Survey suggest that 78% of the aid which donors reported as disbursed to South Africa has been reported on in the Treasury's ENE report. This remains lower than the 85% target established for indicator 3 of the Paris Declaration, and is attributed by the stakeholders to several factors ranging from donors' ODA scheduling and predictability, to government departments' absorption capacities and shortfalls in the reports to Treasury.

Aid features relatively weakly in government accountability documentation, planning, budgeting and reporting processes. This is partly due to ODA being a very small input in the context of the overall government budget. In some instances, the government prefers to keep donors outside its planning processes to avoid undue interference with domestic policy-making processes, particularly with regards to economic strategies. Furthermore, the lack of predictability of donor funds and the differing donor budget cycles make it more challenging to align aid to South African budget processes or timelines.

TABLE 3:
Are government budget estimates comprehensive and realistic?

	Government's budget estimates of aid flows in 2010 (USD m)	Aid disbursed by donors for government sector in 2010 (USD m)	2005 (for reference)	2007 (for reference)	2010* (%)		Total aid disbursed through other donors (USD m)
	a	b			c = a / b	c = b /a	
[Other donors]	0	0	--	--	0%		0
African Dev. Bank	0	0	--	--	--		0
Australia	--	--	--	--	--		0
Austria	--	--	--	--	--		0
Belgium	0	4	--	--	0%		0
Canada	0	7	--	--	0%		0
Denmark	0	10	--	--	0%		0
EU Institutions	0	205	--	--	0%		0
Finland	0	10	--	--	0%		0
France	0	1	--	--	0%		0
GEF	0	0	--	--	--		0
Germany	0	35	--	--	0%		0
Global Fund	0	36	--	--	0%		0
Hungary	0	0	--	--	--		0
IOM	0	4	--	--	0%		0
Ireland	0	5	--	--	0%		0
Italy	0	2	--	--	0%		0
Japan	0	6	--	--	0%		0
Netherlands	0	9	--	--	0%		0
New Zealand	0	0	--	--	--		0
Norway	0	3	--	--	0%		0
Spain	0	0	--	--	--		0
Sweden	0	0	--	--	0%		0
Switzerland	0	0	--	--	0%		0
United Kingdom	0	25	--	--	0%		0
United Nations	0	17	--	--	0%		0
United States	0	523	--	--	0%		0
World Bank	0	22	--	--	0%		0
Average donor ratio			--	--	0%		
Total	**0**	**926**	**71%**	**--**	**0%**		**1**

*Ratio is c = a / b except where government's budget estimates are greater than disbursements (c = b /a).

Donors tend to align their interventions to government priorities at the macro level by linking their project outcomes with the medium-term strategic framework. At the micro level, alignment of aid to sector outputs varies depending on the extent of ownership by the government entity receiving support.

INDICATOR 7
Providing more predictable aid

For many countries, aid is a vital source of revenue and resources. Being able to predict aid disbursements both in terms of how much aid will be delivered and when is important to enable countries to manage public finances and undertake realistic planning for development. The Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable manner according to agreed schedules.

Indicator 7 examines the in-year predictability of aid for the government sector by measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in their accounting system as having been disbursed. Indicator 7 therefore assesses two aspects of predictability. The first is the ability of donors to disburse aid according to schedule. The second is the ability of government to record disbursements for the government sector as received in its accounting system. Indicator 7 is designed to encourage progress in relation to both, with the aim of halving the proportion of aid not disbursed (and not captured in the government's accounting system within the fiscal year for which it was scheduled by 2010.

The ultimate goal is to improve not only the predictability of disbursements, but also the accuracy with which they are recorded in government systems – an important element to support ownership, accountability and transparency.

TABLE 4:
Are disbursements on schedule and recorded by government?

	Disbursements recorded by government in 2010 (USD m)	Aid scheduled by donors for disbursement in 2010 (USD m)	2005 (for reference)	2007 (for reference)	2010* (%)		For reference: Aid disbursed by donors for government sector in 2010 (USD m)	For reference: % of scheduled aid disbursements reported as disbursed by donors in 2010** (%)	
	a	b			c = a / b	c = b / a	d	e = d / b	e = b / d
[Other donors]	0	0	--	--	--		0		0%
African Dev. Bank	0	0	--	--		0%	0	--	
Australia	--	--	--	--	--		--	--	
Austria	--	--	--	--	--		--	--	
Belgium	1	6	--	--	10%		4	72%	
Canada	4	7	--	--	60%		7	100%	
Denmark	0	0	--	--	--		10		0%
EU Institutions	0	0	--	--	--		205		0%
Finland	6	12	--	--	53%		10	83%	
France	1	1	--	--	78%		1	100%	
GEF	0	0	--	--	--		0	--	
Germany	33	35	--	--	92%		35	100%	
Global Fund	1	37	--	--	2%		36	96%	
Hungary	0	0	--	--	--		0	--	
IOM	0	0	--	--	--		4		0%
Ireland	6	13	--	--	46%		5	38%	
Italy	4	5	--	--	75%		2	45%	
Japan	3	4	--	--	68%		6		69%
Netherlands	4	0	--	--		0%	9		0%
New Zealand	0	0	--	--	--		0	--	
Norway	2	6	--	--	43%		3	51%	
Spain	0	0	--	--	--		0	--	
Sweden	0	0	--	--		0%	0		0%
Switzerland	0	1	--	--	20%		0	26%	
United Kingdom	26	6	--	--		23%	25		24%
United Nations	3	14	--	--	23%		17		83%
United States	567	559	--	--		99%	523	94%	
World Bank	0	5	--	--	2%		22		23%
Average donor ratio			--	--	38%			48%	
Total	**660**	**710**	**44%**	**--**	**93%**		**926**	**77%**	

* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).
** Ratio is e=d/b except where disbursements recorded by donors are greater than aid scheduled for disbursement (e=b/d).

In 2010, the score for the share of aid scheduled for disbursement by donors and recorded by the government as disbursed was 93%, meeting the 2010 target of 72%. The GoSA notes that donor self-reporting on scheduled and actual disbursements at the same time is likely to have led to an overestimation of this indicator. The overall score is significantly higher than that of the average donor, with the high score of the United States – by far the largest donor – driving up the totals. The majority of donors scheduled more aid for disbursement than was recorded by the government as disbursed and most donors also disbursed less than they had scheduled for disbursement. This suggests that progress can be made against indicator 7 by improving both the recording of aid disbursements and also donor predictability.

As part of the Accra Agenda for Action, most donors pledged to improve predictability by providing indications of future aid on a three-to-five year basis. In South Africa this is attempted through bilateral co-operation agreements signed between donors and the government although some sector ministries report that only year-to-year predictability is achieved. The GoSA also questions the degree to which indicator 7 offers an accurate assessment of aid predictability, pointing to the low score for predictability of budget support identified in the most recent PEFA assessment.

Stakeholders in South Africa have pointed to a number of factors as having an impact on the predictability of aid: some initial commitments were reduced in value as a result of the global financial crisis; changes to appropriation laws and budget cuts made in donor countries have had a negative effect; some funds are disbursed as variable tranches, making it difficult for departments to predict and plan ahead, and disbursements made by donors are often dependent on project implementation and performance indicators.

The National Treasury notes that it continues to face problems in recording all aid flows, often the result of incomplete, inaccurate or delayed departmental reports. The International Development Cooperation Directorate is making efforts to improve this through better communication with government departments and donors aimed at addressing these data shortfalls.

INDICATOR 4
Co-ordinating support to strengthen capacity

Capacity constraints present significant challenges to development and poverty reduction efforts and their sustainability. These relate both to aid management capacities (the ability of the government to capture, co-ordinate and utilise aid flows more effectively) and also to broader capacities for the design and implementation of policies and service delivery.

Under the Paris Declaration donors committed to providing technical co-operation that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Successful capacity development is led by the partner country.

Indicator 4 focuses on the extent to which donor technical co-operation (an important input into capacity development) is country-led and well co-ordinated. It captures the extent to which technical co-operation is aligned with objectives articulated by country authorities, whether country authorities have control over this assistance, and whether arrangements are in place to co-ordinate support provided by different donors. The Paris Declaration target is for 50% of technical co-operation flows to be implemented through co-ordinated programmes that are consistent with national development strategies by 2010.

In 2010, 88% of technical co-operation was co-ordinated with country programmes. This is substantially higher than the 2010 target of 50%, which had already been exceeded in 2005. Among the major donors, the United States, the United Kingdom and Germany all reported 100% of their technical co-operation as co-ordinated. The GoSA has however noted that variations in the interpretation of the term "co-ordinated technical co-operation" across donors make the objective comparison of donors' performance against this indicator challenging. Over three-quarters of ODA to South Africa takes the form of technical co-operation, making progress in this area particularly important.

The high level of technical co-operation in South Africa reflects its recent history. The advent of participatory democracy in 1994 led to challenges in developing a new generation of civil servants, particularly at the middle-management levels. Several South African institutions also actively build capacity and although each contributes through their own mandates, an overarching and cross-sectoral government capacity development strategy, with clearly defined capacity requirements, still needs to evolve. Clarity on capacity development needs and technical assistance requirements at the moment varies across government entities. Within this context, technical co-operation offered by donors usually responds to intuitive needs and *ad-hoc* requests made by individual departments. Donors tend to respond based on their priorities and experience in the specified fields. With such technical co-operation, South Africa is able to capitalise on best practices, pilot new ideas and experiment with cutting edge processes to strengthen its systems. Technical assistance is often integrated in government structures and embedded within the specific sector projects supported by donors.

TABLE 5:
How much technical co-operation is co-ordinated with country programmes?

	Co-ordinated technical co-operation (USD m) a	Total technical co-operation (USD m) b	2005 (for reference)	2007 (for reference)	2010 (%) c = a / b
[Other donors]	0	0	--	--	--
African Dev. Bank	0	0	--	--	100%
Australia	--	--	87%	--	--
Austria	--	--	0%	--	--
Belgium	0	0	0%	--	0%
Canada	4	15	100%	--	28%
Denmark	0	0	67%	--	--
EU Institutions	30	95	100%	--	31%
Finland	2	2	100%	--	100%
France	1	5	42%	--	20%
GEF	0	0	--	--	--
Germany	27	27	99%	--	100%
Global Fund	0	0	--	--	--
Hungary	0	0	--	--	--
IOM	0	1	--	--	0%
Ireland	0	0	--	--	--
Italy	2	2	100%	--	100%
Japan	3	3	100%	--	100%
Netherlands	2	2	--	--	100%
New Zealand	0	0	0%	--	--
Norway	0	0	100%	--	--
Spain	0	0	--	--	0%
Sweden	0	0	100%	--	--
Switzerland	0	2	88%	--	0%
United Kingdom	18	18	100%	--	100%
United Nations	21	25	100%	--	84%
United States	508	508	100%	--	100%
World Bank	5	5	--	--	100%
Total	**622**	**709**	**95%**	**--**	**88%**

Monitoring and accounting for technical co-operation is still problematic as most contracting is still carried out by donors, making it challenging to gauge its impact. There is little by way of consistent monitoring. Country stakeholders are also aware that technical co-operation in some situations is supplied by foreign consultants, some of whom are poorly prepared and not sensitive to the culture within which they operate. Other issues cited by stakeholders include the bundling of technical co-operation that is not requested by South Africa within broader packages of aid, which can account for large shares of project budgets. Currently, little technical co-operation is delivered though South Africa's own systems as it is commonly driven by donors' own strategies. Exercising ownership is essential if technical co-operation is to build capacity rather than substituting local capacity and effectively becoming parallel implementation units.

INDICATOR 5
Using country systems

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the government's long-term capacity to develop, implement and account for its policies to both its citizens and its parliament. The Paris Declaration commits donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. Indicator 5 is directly linked to indicator 2 on the quality of PFM and procurement systems.

INDICATOR 5a
Use of country public financial management systems

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding for the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting, and auditing) as a proportion of total aid disbursed for the government sector. The 2010 target is set relative to indicator 2a on the quality of PFM systems. For partner countries with a

TABLE 6:
How much aid for the government sector uses country systems?

	Aid disbursed by donors for government sector	Public financial management						Procurement			
		Budget execution	Financial reporting	Auditing	2005	2007	2010	Proc. systems	2005	2007	2010
	(USD m)	(USD m)	(USD m)	(USD m)	(for reference)	(for reference)	(%)	(USD m)	(for reference)	(for reference)	(%)
	a	b	c	d			avg(b,c,d)/a	e			e / a
[Other donors]	0	0	0	0	--	--	0%	0	--	--	0%
African Dev. Bank	0	0	0	0	--	--	--	0	--	--	--
Australia	--	--	--	--	0%	--	--	--	20%	--	--
Austria	--	--	--	--	--	--	--	--	--	--	--
Belgium	4	3	0	0	75%	--	23%	3	75%	--	69%
Canada	7	7	7	7	100%	--	100%	7	100%	--	100%
Denmark	10	0	0	0	37%	--	0%	0	75%	--	0%
EU Institutions	205	161	161	161	42%	--	78%	161	42%	--	78%
Finland	10	7	0	7	85%	--	48%	0	85%	--	0%
France	1	0	0	0	2%	--	0%	1	7%	--	100%
GEF	0	0	0	0	--	--	--	0	--	--	--
Germany	35	0	0	0	33%	--	0%	11	33%	--	30%
Global Fund	36	36	36	36	67%	--	100%	36	100%	--	100%
Hungary	0	0	0	0	--	--	--	0	--	--	--
IOM	4	0	0	0	--	--	0%	0	--	--	0%
Ireland	5	4	4	4	100%	--	94%	4	100%	--	94%
Italy	2	0	0	0	33%	--	0%	0	0%	--	0%
Japan	6	0	0	0	0%	--	0%	0	0%	--	0%
Netherlands	9	9	9	9	100%	--	100%	5	100%	--	53%
New Zealand	0	0	0	0	100%	--	--	0	100%	--	--
Norway	3	2	2	2	100%	--	53%	3	100%	--	100%
Spain	0	0	0	0	--	--	--	0	--	--	--
Sweden	0	0	0	0	42%	--	0%	0	42%	--	0%
Switzerland	0	0	0	0	88%	--	0%	0	88%	--	0%
United Kingdom	25	5	5	5	0%	--	19%	5	29%	--	19%
United Nations	17	0	0	0	81%	--	3%	0	0%	--	0%
United States	523	3	3	3	0%	--	1%	39	4%	--	7%
World Bank	22	0	0	0	--	--	0%	5	--	--	23%
Total	**926**	**238**	**228**	**235**	**38%**	**--**	**25%**	**279**	**44%**	**--**	**30%**

score of 5 on indicator 2a the target is for a two-thirds reduction in the proportion of aid to the public sector not using the partner country's PFM systems. For partner countries with a score between 3.5 and 4.5 on indicator 2a the target is a one-third reduction in the proportion of aid to the public sector not using the partner country's PFM systems. There is no target for countries scoring less than 3.5.

Since 2005 there has been a decline in donors' use of South Africa's PFM systems from 38% of aid for the government sector to 25% in 2010. There is significant variation in performance across donors. The GoSA maintains that the Reconstruction and Development Programme (RDP) Fund is the main mechanism in South Africa to channel ODA through the government systems. Despite high marks from several independent reviews, only 20% of ODA funds to South Africa used the RDP fund in 2010.

Donors have expressed a desire to use South Africa's PFM systems to a greater extent but progress has been slow. Country stakeholders gave several reasons, many relating to issues with their own procedures. Some donors prefer to use their own project management units citing faster or more flexible delivery. Some donors also cite their own rules and policies on ODA management as constraints, with the transfer of funds through South African systems often accompanied by heavy reporting obligations from donor headquarters.

Country stakeholders also identified some of the challenges faced in the use of South African systems during the discussions surrounding the 2011 Survey. Fund transfers through government processes are cited as being very slow, and audit reports are not always available on time and are sometimes perceived to be inadequate in meeting donor requirements. Other concerns raised included the slow implementation of the Public Financial Management Act regulations at the sub-national level due to weak capacity of provincial government departments. The GoSA suggests that delays can be caused by donors' late submissions, difficulties in aligning log frames, and generally complex donor procedures not adapted for South African systems, especially where staff are not specialised in the management of aid funds.

INDICATOR 5b
Use of country procurement systems

Indicator 5b follows a similar graduated target to indicator 5a which is set relative to indicator 2b on the quality of procurement systems. For partner countries with a procurement score of 'A' on indicator 2b (quality of procurement systems), a two-thirds reduction in the proportion of aid for the public sector not using the country's procurement systems and for partner countries with a procurement score of 'B' to reduce the gap by one-third.

Between 2005 and 2010, the percentage of aid that made use of South Africa's procurement systems reduced from 44% to 30%. While the quality of South Africa's procurement systems was not assessed as part of the 2011 Survey on Monitoring the Paris Declaration – and therefore no target for indicator 5b is calculated – South Africa set itself a target for use of country procurement systems of 79%, which was not met in 2010.

Despite the reforms undertaken to improve procurement in South Africa, some donors continue to use their own procurement systems, causing major delays in project implementation. In some cases, procurement-related issues are referred back to donor headquarters before decisions can be taken. However, according to South Africa's own data, 39% of ODA from donors between 2009 and 2010 was implemented using government procurement systems. This excludes concessional loans received by parastatal and semi-government entities from multilateral and bilateral development banks and financial institutions. GoSA data suggests that if these are included, the proportion of aid using country procurements systems would more than double.

INDICATOR 6
Avoiding parallel implementation structures

When providing development assistance, some donors establish dedicated project management units or implementation units (PIUs) to support development projects or programmes. A PIU is said to be "parallel" when it is created by the donor and operates outside existing country institutional and administrative structures. In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, parallel PIUs often tend to undermine national capacity development efforts, distort salaries and weaken accountability for development.

To make aid more effective, the Paris Declaration encourages donors to "avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes." Indicator 6 counts of the number of parallel PIUs being used in partner countries. The target is to reduce by two-thirds the number of parallel PIUs in each partner country between 2005 and 2010.

The number of PIUs parallel to established government institutions in South Africa has increased from 15 in 2005 to 22 in 2010 (albeit with an increase in the coverage of donors from one survey to the next). Nevertheless, South Africa did not meet the 2010 target of reducing the number of parallel PIUs to five when considering only the same group of donors that participated in the baseline survey. A strong ownership agenda and capacity within the South African government provide an appropriate context in which further efforts to phase out parallel PIUs should be made.

TABLE 7:
How many PIUs are parallel to country structures?

	Parallel PIUs		
	2005 (for reference)	2007 (for reference)	2010 (units)
[Other donors]	--	--	0
African Dev. Bank	--	--	0
Australia	2	--	--
Austria	0	--	--
Belgium	0	--	0
Canada	0	--	1
Denmark	0	--	0
EU Institutions	0	--	10
Finland	0	--	0
France	0	--	0
GEF	--	--	0
Germany	0	--	0
Global Fund	0	--	0
Hungary	--	--	0
IOM	--	--	0
Ireland	1	--	0
Italy	0	--	0
Japan	0	--	0
Netherlands	0	--	0
New Zealand	0	--	0
Norway	0	--	1
Spain	--	--	0
Sweden	0	--	0
Switzerland	2	--	0
United Kingdom	4	--	0
United Nations	1	--	10
United States	5	--	0
World Bank	--	--	0
Total	**15**	**--**	**22**

INDICATOR 8
Untying aid

Aid is "tied" when restrictions are placed on the countries that goods and services may be purchased from, typically including the donor country and/or another narrowly specified group of countries. Untied aid not only improves value for money and decreases administrative burdens, but also supports the use of local resources, country systems and the harmonisation of donor support provided through pooled or joint aid instruments and approaches.

Data on the extent to which aid is tied are based on voluntary self-reporting by donors that are members of the OECD's Development Assistance Committee (DAC). The Paris Declaration target is to continue progress towards untying all aid between 2005 and 2010.

The South African authorities note that self-reporting to the OECD by donors does not offer a full picture of the tying status of aid in South Africa. In its inputs to this chapter, the GoSA has suggested that figures reported to the OECD by donors tend to understate the extent to which aid to South Africa is tied.

The percentage of untied bilateral aid to South Africa increased from 97% to 99% between 2005 and 2010, meeting the Paris Declaration target of an increase in the percentage of untied aid. However, the South African government's own estimates suggest that typical ODA projects involve tying of approximately 30% of aid. The GoSA notes that while much of this aid may not be *de jure* tied (and reported as such to the OECD), *de facto* tying remains a challenge – for example, through donors' restrictive choices of technology, or through the provision of technical assistance in-kind. The GoSA also indicates that aid-funded procurement is often conducted using complex donor rules and systems which are more likely to result in contracts being awarded to foreign firms, removing some of the potential benefits to be had by the use of local procurement.

TABLE 8:
How much bilateral aid is untied?

	Total bilateral aid as reported to the DAC in 2009	Untied aid	2005 (for reference)	2007 (for reference)	Share of untied aid
Australia	1.7	1.7	23%	100%	100%
Austria	0.2	0.2	98%	96%	100%
Belgium	6.8	6.8	100%	100%	100%
Canada	0.5	0.5	88%	94%	100%
Denmark	6.1	6.1	100%	100%	100%
Finland	1.8	1.7	--	100%	96%
France	166.0	166.0	100%	99%	100%
Germany	38.1	38.0	47%	100%	100%
Greece	0.0	0.0	100%	--	--
Ireland	13.5	13.5	100%	100%	100%
Italy	13.2	5.9	42%	16%	45%
Japan	0.4	0.4	100%	100%	100%
Korea	0.0	0.0	--	0%	--
Luxembourg	0.3	0.3	100%	100%	100%
Netherlands	83.4	83.2	96%	94%	100%
New Zealand	0.8	0.8	93%	100%	100%
Norway	34.9	34.8	99%	89%	100%
Portugal	0.0	0.0	100%	100%	--
Spain	0.2	0.0	57%	59%	0%
Sweden	9.0	9.0	100%	100%	100%
Switzerland	5.5	5.4	97%	96%	99%
United Kingdom	45.4	45.4	100%	100%	100%
United States	549.4	543.9	22%	98%	99%
Total	**977**	**964**	**97%**	**97%**	**99%**

Source: OECD Creditor Reporting System.

In the materials submitted as part of the 2011 Survey, the GoSA noted that aid provided by Italy, Japan, the Netherlands and Switzerland as often being tied to NGOs, research institutes, private sector and consultants from the donor countries. It also notes that a portion of the aid provided by Norway is tied to Norwegian institutions such as universities and Norwegian ministries. Technical assistance is cited as being particularly susceptible to tying in practice. ■

HARMONISATION

POOR CO-ORDINATION OF AID increases the cost to both donors and partner countries and significantly reduces the real value of aid. Harmonisation of aid delivery procedures and the adoption of common arrangements help reduce duplication of effort and lower the transaction costs associated with aid management. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and co-ordinate analytic work.

INDICATOR 9
Using common arrangements

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A good mechanism for aid co-ordination can be described as one that has shared objectives and integrates the various interests of stakeholders. Indicator 9 assesses the degree to which donors work together – and with partner governments and organisations – by measuring the proportion of total ODA disbursed within programme-based approaches (PBAs). In practice, there are many different approaches and modalities which can use PBAs and harmonisation takes place at various levels.

At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* a programme or strategy) and establishing a single budgetary framework that captures all resources (both domestic and external). At another level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that two-thirds of aid flows are provided in the context of PBAs.

TABLE 9:
How much aid is programme based?

	Programme-based approaches			Total aid disbursed	2005	2007	2010
	Budget support (USD m)	Other PBAs (USD m)	Total (USD m)	(USD m)	(for reference)	(for reference)	(%)
	a	b	c = a + b	d			e = c / d
[Other donors]	0	0	0	0	--	--	0%
African Dev. Bank	0	0	0	0	--	--	0%
Australia	--	--	--	--	0%	--	--
Austria	--	--	--	--	0%	--	--
Belgium	0	0	0	11	0%	--	0%
Canada	0	0	0	16	3%	--	0%
Denmark	0	0	0	18	61%	--	0%
EU Institutions	161	0	161	213	60%	--	76%
Finland	0	0	0	11	49%	--	0%
France	0	0	0	129	0%	--	0%
GEF	0	0	0	9	--	--	0%
Germany	0	14	14	35	56%	--	40%
Global Fund	0	36	36	36	100%	--	100%
Hungary	0	0	0	0	--	--	0%
IOM	0	0	0	5	--	--	0%
Ireland	4	0	5	11	29%	--	43%
Italy	0	0	0	3	100%	--	0%
Japan	0	4	4	7	5%	--	54%
Netherlands	0	0	0	52	0%	--	0%
New Zealand	0	0	0	0	23%	--	0%
Norway	0	0	0	18	0%	--	0%
Spain	0	0	0	1	--	--	0%
Sweden	0	0	0	6	0%	--	0%
Switzerland	0	0	0	6	1%	--	1%
United Kingdom	0	5	5	32	20%	--	15%
United Nations	0	0	0	36	118%	--	1%
United States	3	520	523	544	0%	--	96%
World Bank	0	0	0	22	--	--	0%
Total	**169**	**580**	**748**	**1 222**	**27%**	**--**	**61%**

In 2010 South Africa recorded an increase in the proportion of aid using programme-based approaches from 27% in 2005 to 61% in 2010. This is slightly below the 2010 target of 66%. However, the GoSA notes that there are important variations in the accuracy with which donors have reported against the criteria established in the 2011 survey methodology, making comparison across donors and over time challenging.

Donors expect the GoSA to take the lead in achieving co-ordination and harmonisation, therefore the outcome is largely dependent on the capacity of the aid-receiving institution and their leadership in setting the aid agenda. Efforts to harmonise and co-ordinate donors are more relevant to some departments receiving large volumes of aid, rather than sectors which have less donor presence and where the cost of setting up co-ordination forums may outweigh the benefits.

South Africa possesses a strong strategic programming framework and a three-year budgetary cycle, which allows for advance development planning and monitoring of results. Donors have however reported difficulties in engaging in these frameworks and in policy dialogue (see also alignment section). Government departments do not allow space for donors to influence their policy-making processes. Furthermore, the government has indicated that poor donor predictability hinders its ability to synchronise aid programming with national budgetary processes. Aid-funded projects are usually jointly designed, implemented and monitored by both government and donors. The GoSA highlights that direct budget support is a financing modality that is rarely used by donors in South Africa. Only 18% of ODA to South Africa is channelled through sector budget support, 75% of which is provided by the EU.

INDICATOR 10a
Joint missions

A common complaint of partner countries is that donors make too many demands on their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared. The 2010 target is that 40% of donor missions to the field are conducted jointly.

TABLE 10:
How many donor missions are co-ordinated?

	Co-ordinated donor missions* (missions) a	Total donor missions (missions) b	2005* (for reference)	2007* (for reference)	2010* (%) c = a / b
[Other donors]	14	18	--	--	78%
African Dev. Bank	3	3	--	--	100%
Australia	--	--	--	--	--
Austria	--	--	--	--	--
Belgium	0	9	--	--	0%
Canada	0	10	0%	--	0%
Denmark	0	0	0%	--	--
EU Institutions	0	0	20%	--	--
Finland	0	6	0%	--	0%
France	1	32	0%	--	3%
GEF	0	0	--	--	--
Germany	3	6	11%	--	50%
Global Fund	1	5	0%	--	20%
Hungary	0	1	--	--	0%
IOM	500	514	--	--	97%
Ireland	2	2	0%	--	100%
Italy	14	16	100%	--	88%
Japan	0	18	0%	--	0%
Netherlands	0	0	0%	--	--
New Zealand	0	1	0%	--	0%
Norway	0	0	0%	--	--
Spain	0	0	--	--	--
Sweden	1	1	0%	--	100%
Switzerland	0	2	0%	--	0%
United Kingdom	0	0	27%	--	--
United Nations	480	564	--	--	85%
United States	0	5	88%	--	0%
World Bank	0	63	--	--	0%
Total	**662**	**1 276**	**19%**	**--**	**52%**

*The total of coordinated missions has been adjusted to avoid double counting.
A discount factor of 35% is applied.

The percentage of donor missions co-ordinated in South Africa increased from 19% in 2005 to 52% in 2010, exceeding the 2010 target of 40%. A small number of donors accounts for the vast majority of donor missions to South Africa. In addition to the need for donor missions to be co-ordinated, the GoSA is of the view that the total number of donor missions is also a measure of burden, and that further efforts are needed to reduce this.

Country stakeholders noted that often donors providing small financial contributions carried out large numbers of missions. With regards to joint missions and joint analytical work, donors do make an effort to co-ordinate their initiatives with government but very little co-ordination exists between donors when managing their missions and analytic works. The EU member states tend to make efforts to co-ordinate among themselves in the preparation of analytical exercises.

Some stakeholders argue that in countries such as South Africa, where ODA plays a very small role within their strategic engagement, harmonising donor activities may involve costly – and lower-priority – processes. Some government departments have complained that donor missions do not take into account government schedules and planning cycles and that the objectives of donor missions are not always jointly agreed with the relevant departments.

INDICATOR 10b
Joint country analytic work

Country analytic work is the analysis and advice necessary to strengthen policy dialogue, and to develop and implement country strategies. It includes country or sector studies and strategies, country evaluations and discussion papers. The Paris Declaration foresees that donors should conduct analytic work jointly where possible as it helps curb transaction costs for partner authorities, avoids unnecessary duplicative work and helps to foster common understanding. Indicator 10b measures the proportion of country analytic work that is undertaken jointly. The 2010 target is that 66% of country analytic work is carried out jointly.

TABLE 11:
How much country analytic work is co-ordinated?

	Co-ordinated donor analytic work* (units) a	Total donor analytic work (units) b	2005* (for reference)	2007* (for reference)	2010* (%) c = a / b
[Other donors]	0	0	--	--	--
African Dev. Bank	0	0	--	--	--
Australia	--	--	--	--	--
Austria	--	--	--	--	--
Belgium	0	0	100%	--	--
Canada	0	2	--	--	0%
Denmark	0	0	100%	--	--
EU Institutions	1	1	100%	--	100%
Finland	0	0	--	--	--
France	0	1	--	--	0%
GEF	0	0	--	--	--
Germany	0	0	100%	--	--
Global Fund	1	3	--	--	33%
Hungary	0	0	--	--	--
IOM	0	0	--	--	--
Ireland	0	0	--	--	--
Italy	0	0	--	--	--
Japan	0	0	--	--	--
Netherlands	0	1	100%	--	0%
New Zealand	0	0	100%	--	--
Norway	0	0	--	--	--
Spain	0	0	--	--	--
Sweden	0	0	--	--	--
Switzerland	1	1	--	--	100%
United Kingdom	0	0	--	--	--
United Nations	38	79	--	--	48%
United States	8	8	100%	--	100%
World Bank	2	2	--	--	100%
Total	**38**	**98**	**75%**	**--**	**39%**

*The total of coordinated missions has been adjusted to avoid double counting.
A discount factor of 25% is applied.

The amount of joint analytic work co-ordinated in South Africa was 39% in 2010, missing the 2010 target of 66%. The World Bank, European Union, United States and Switzerland each co-ordinated 100% of their analytic works in 2010. The United Nations was the only major donor that co-ordinated less than 50% of its analytic work. The GoSA notes that country analytic work is mostly co-ordinated with government, but less so between donors. More co-ordination exists among European Union member states in the preparation of analytical exercises, such as the mid-term review of the South Africa/European Union country strategic paper. The United Nations system in South Africa is making efforts to minimise its fragmentation, increase its relevance and engage more strategically in support of the twelve national outcomes. ■

MANAGING FOR RESULTS

INDICATOR 11
Do countries have results-oriented frameworks?

BOTH DONORS AND PARTNER COUNTRIES should manage resources according to well defined, desired results, measuring progress towards them, and using information on results to improve decision making and performance. Achieving this implies strengthening capacity to undertake such management and emphasising a focus on results. Countries are expected to develop cost-effective and results-oriented reporting and performance assessment frameworks, while donors commit to use them and refrain from requiring separate reporting.

Indicator 11 assesses the quality of a country's results-oriented frameworks. In particular, it considers the quality of the information generated, stakeholder access to information, and the extent to which the information is utilised within a country level monitoring and evaluation system. The government has provides evidence against these criteria through the Survey, and this is translated by the World Bank into a score running from A (highest score) to E (lowest score).

The Paris Declaration 2010 global target is to reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.

The South African monitoring and evaluation framework was evaluated for the first time in 2010, receiving an on-target score of B from the World Bank. The World Bank notes that South Africa has a monitoring and evaluation framework which is designed to track and improve the implementation of the national development strategy. The framework has well defined institutional responsibilities and co-ordination mechanisms. Progress against the national development strategy is reported through quarterly progress reports. The monitoring and evaluation framework tracks input, output and outcome indicators to produce reports which are used by policy makers. The World Bank notes that the data system for monitoring and evaluation is of high quality and reliable and comprehensive, however the data is not always timely enough to support the early warning element of M&E and policy making in government. Although there is good stakeholder access to information, language barriers persist as information is only provided in English.

In 2005 the South African cabinet took a decision to establish a government-wide monitoring and evaluation system (GWM&E) and in 2007, the Presidency released an overarching Policy Framework on GWM&E. Recognising some weaknesses in policy implementation and inadequate M&E practices in government, in 2009 the new administration elevated the M&E function in government by launching a new ministry in the Presidency for performance, monitoring and evaluation.

Core to the new government-wide efforts in monitoring and evaluation is the outcomes-based approach applied by selecting the 12 strategic outcomes of government. These 12 outcomes are a translation of the developmental mandate of government which is contained in the MTSF. Individual ministers sign Performance Agreements with the President and, in turn, a group of ministers develop and sign inter-governmental implementation plans called Delivery Agreements. The Department of Performance Monitoring and Evaluation monitors progress made in implementing the delivery agreements via the government Programme of Action (PoA). The PoA is based on the results-based management framework, wherein the delivery chain is described in the logical framework model of inputs, activities, outputs and outcomes indicators. Quarterly progress reports are produced against these indicators and recommendations made to Technical Implementation Forums of heads of government institutions, Implementation Forums of ministers and other members of the executive from the provincial and local spheres of government, as well as to Cabinet. On the basis of the monitoring report, service delivery blockages are identified and intervention strategies devised and implemented. ■

MUTUAL ACCOUNTABILITY

INDICATOR 12
Mutual accountability

STRONG AND BALANCED MECHANISMS that support accountability are required at all levels for aid to be most effective. Donors and partner country governments should be accountable to their respective publics and to each other for implementing their commitments on aid, its effectiveness, and the results to which it contributes.

Indicator 12 examines whether there is a country-level mechanism for mutual assessment of progress on partnership commitments, including on aid effectiveness. There are three criteria that must all be met, the existence of an aid policy or strategy agreed between the partner country government and donors; specific country-level aid effectiveness targets for both the partner country government and donors and an assessment towards these targets undertaken by both partner and donors in the last two years and discussed in a forum for broad-based dialogue. The 2010 target is for all partner countries to have mutual assessment reviews meeting these criteria in place.

South Africa did not meet all three of the criteria set out above in 2010, and so is not considered to have met fully its target for indicator 12 under the Paris Declaration. Although specific country-level aid effectiveness targets for both donors and the GoSA are not fully in place, regular efforts are made to monitor aid effectiveness. The Government's ODA policy and aid effectiveness commitments are delineated in the International Development Cooperation's Strategic Plan, the International Development Cooperation's Aid Effectiveness Action Plan and the ODA operational guidelines.

Government cites challenges in obtaining information on aid-funded activities from donors as a constraint to enhanced mutual accountability. The limited information available to the National Treasury suggests that some reporting is missed by donors and respective GoSA departments. The 2008 Public Expenditure and Financial Accountability report also indicated poor performance by donors in providing financial information on aid for reporting and budgeting purposes.

Within government structures, there are major challenges of internal coordination and information management due in part to differing reporting capacities of institutions as well as the decentralised approaches to management which permeate South African public services. Furthermore, the large share of ODA to South Africa which takes the form of technical assistance and in-kind assistance means that government institutions can only estimate the technical co-operation as they have no means of verifying fully the figures provided by donors.

Most donors respond promptly to requests for reports by the National Treasury but not all follow the South African calendar year and the Rand currency format – both elements that the GoSA has emphasised as important. This makes it more challenging to collate and compare information across donors. There is no common reporting system or format through which all donors report on ODA flows to the GoSA. Furthermore, aid to South Africa which is not channelled through government systems – such as technical assistance, in-kind support and aid through civil society – is not systematically monitored and reported to government.

In terms of public availability of information on development activities, South Africa considers itself to be a world leader in the area of financial transparency. Information on ODA channelled through government is published on a yearly basis in the National Treasury's Estimates of National Expenditures (ENE), available both in hard copy and online.

The previous Development Cooperation Information System was an attempt to provide the general public with comprehensive information on ODA projects in South Africa. This web-based database however was not user friendly and contained only a limited amount of information, which was mostly outdated. The GoSA is now in the process of updating and launching its new Development Co-operation Management Information System (DCMIS), which will allow all departments and donors to update in real time information about their aid programmes and allow the general public to access information and trends on ODA activities in South Africa. ■

NOTES

1. Exchange rate used: USD 1 = ZAR 7.82 (StatsSA, 2010).
2. National Treasury staff estimate based on data from the National Treasury and South African Reserve Bank.
3. Estimate based on data gathered by the National Treasury at the same time as the Paris Declaration survey.

The quantitative information presented in the chapter is taken from data provided by national co-ordinators up to 31 July 2011, following the data validation process with stakeholders

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

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