CONCLUSIONS
These conclusions were adopted by the OECD Development Assistance Committee (DAC) at its meeting on Development Challenges and the Role of Aid in Southern Africa, held in Paris on 1-2 December 1993. They are made available to the public on the responsibility of the DAC.

The Development Assistance Committee is the principal body through which the OECD deals with issues related to aid for developing countries. Its mandate is to promote an expansion of the volume of resources to developing countries and to improve the effectiveness of aid provided by Member countries. The DAC is composed of 22 Members: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the Commission of the European Communities, together with the World Bank and the International Monetary Fund, as permanent observers.
MEETING ON DEVELOPMENT CHALLENGES AND
THE ROLE OF AID IN SOUTHERN AFRICA

CONCLUSIONS

1. Southern Africa faces a crucial transition process. Success will depend on the people and
governments in the region creating a dynamic and broadly-based development process. The donor
community is committed to encouraging and assisting this process, but its role and resources are inherently
limited and can only be secondary to the region’s own initiative and resources. Credible and sustainable
government, providing the framework for strong competitive private sector development and grassroots
income-generation, is central to creating the rapid output growth needed to satisfy the urgent need for
raising social and economic welfare.

2. The changes in political and economic orientations in the region at the start of the 1990s have
removed major obstacles to the region’s development, and the countries of Southern Africa have
considerable economic potential. But huge development challenges remain, especially given the widespread
war damage and continuing conflict, together with the legacy of apartheid and the existence of great
inequalities.

3. Aid to Southern Africa, strongly motivated in the past by the need to support the anti-apartheid
stance of the Southern African Development Community (SADC) countries, is very substantial, amounting
to more than $5 billion in 1992. The changing context for development co-operation in Southern Africa,
however, requires the donor community to further develop the approaches and concepts needed to underpin
strategic priorities -- the effectiveness of governments and the resolution of conflicts; the development of
human resources and reduction of inequities; the strengthening of civil society; broadly-based private
sector development; and effective and efficient regional co-operation.

4. **Democratisation, good governance and sound public and private sector development** reinforce
each other. DAC donors, therefore, will give emphasis to supporting efforts by the countries in the region
to:

   -- Empower the broad majority of people who have been left out of economic development and
decision-making as part of a long-term and continued process to build strong civil societies.

   -- Build popular support for multi-cultural democracies, address ethnic tensions and promote
national reconciliation. This includes the re-integration of refugees and demobilised soldiers
into mainstream economic and social development.

   -- Redress economic distortions associated with ethnic and political factors, inequalities in
income and gender and in access to basic social services, particularly education, health and
family planning. This will require the full integration of poverty alleviation strategies into
policy design and implementation.

   -- Build open, competitive national economies through pushing forward with essential structural
adjustment and policy reform, incorporating the social and regional dimensions.

   -- Re-examine the role of the State to be responsive to the needs of the civil society and to
create an enabling environment for a competitive private sector at all levels, including
microenterprises.

   -- Strengthen institutional and individual capacities in the public, private and non-governmental
sectors to ensure broad-based and dynamic political, economic and social development.
-- Promote the essential components of good governance, including transparent and accountable institutions, the rule of law, and independent and professional media.

-- Rehabilitate and preserve the ecosystems and develop environmentally sustainable approaches for the management of natural resources.

5. **Regional co-operation** is a powerful means to promote economic development, political stability and security in the region. A number of development challenges in Southern Africa need, or could benefit from, a regional perspective including transport and communications, water, energy, environment, trade, investment, industrial development, migration and the brain-drain, and human resources development, including education, training and research. A regional approach to conflict resolution and security would facilitate confidence-building and reduction of military expenditures. The shaping of a regional identity, and strengthened "South-South" co-operation within the region, would also be conducive to further economic and political progress.

6. DAC donors, therefore, are committed to supporting efficient and effective regional co-operation, with Africans fully undertaking a leadership role in the co-operation partnership for the development of the region. In particular, they are ready to support:

-- flexible and pragmatic regional co-operation initiatives;

-- the principles of variable geometry and differential progress in working towards regional co-operation;

-- policy dialogues which secure the involvement of the private sector and civil society in giving impetus to regional co-operation;

-- measures for offsetting the transitional costs which may be incurred by some countries and for promoting equity, balance and mutual benefit in the process of regional integration.

7. DAC donors welcome the intention of governments in the region to achieve greater rationalisation and improved complementarity among existing regional institutions and look forward to concrete results in this direction. This will be important to encouraging the donor community to put effort and resources into the development of the region.

8. The challenges in Southern Africa present all development partners with a need and an opportunity to address the issues of aid effectiveness, resource flows, policy dialogue and aid co-ordination.

9. DAC donors recognise that, individually and collectively, they need to work to ensure that the aid process:

-- contributes to the development of indigenous capacities in both public and private sectors;

-- makes optimal use of local talent and expertise;

-- enhances the capacity of recipient governments to exercise their central role in driving the development management process;

-- shifts from fragmented assistance towards more integrated assistance, including support of domestically-owned sector strategies, set in a regional framework where appropriate.
10. DAC donors acknowledge that these objectives may often require reforms in the way they plan and implement their assistance, including technical assistance, and may also lead to changes in donor organisational structures, objectives, and management cultures.

11. DAC donors recognise the vital need to provide adequate assistance to support the political and economic transition of the countries in the region, and the specific requirements of South Africa in this context. At the same time, they are conscious of the concerns about aid diversion, both within the region and from other parts of Sub-Saharan Africa, and will guard against such diversion. They are also aware of the need to enhance absorptive capacities both in South Africa and the rest of the region.

12. Given the competition for scarce aid resources, in making their aid allocation decisions, DAC donors will take into account the effectiveness with which aid is used and the quality of governance and the policy environment provided by the recipient government.

13. It is clearly of central importance that, assisted by South Africa’s economic potential, the region emerges as a centre of development with an investment climate which attracts a strong inflow of private finance, including foreign direct investment.

14. Given the strong DAC interest in assistance for democratisation and the crucial importance of the electoral transition in South Africa, donors underlined the need for timely and adequately-funded preparation, particularly in relation to voter education and registration.

15. DAC donors agree that aid co-ordination arrangements for individual countries need to be strengthened at the field level, under the leadership of recipient governments and using, when appropriate, the lead donor approach to sector co-ordination. These arrangements also need to be complemented by strengthened co-ordination and policy dialogue at the regional level. Various mechanisms were discussed, including a regional consultative group, meeting in association with the national consultative groups or, alternatively, a consultation process in the framework of the SADC. It was suggested that a donor meeting preceding the annual SADC conference could also play a useful role. Members also see value in a continuing informal dialogue on regional issues, bringing in a wide range of actors from the private sector and civil society. A proposal was made with this in view, to build on the informal meeting held in the region in September 1993 at Windhoek under the auspices of the DAC.