



PARLIAMENT

OF THE REPUBLIC OF SOUTH AFRICA

COMMITTEES

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SELECT COMMITTEE ON TRADE AND INTERNATIONAL RELATIONS (NOTES)

Date: Wednesday, 17 February 2016

Time: 10:00 – 13:00

Briefing by the Department of International Relations and Cooperation on progress towards the operationalization of South African Development Partnership (SADPA)

Purpose of Briefing

The purpose is to get a sense from DIRCO on the:

- Progress on the establishment of the South African Development Partnership Agency (SADPA), and
- Receive a broader conceptual framework of what SADPA is and will look like once established.

Introduction

South Africa has a history, pre-1994, of providing assistance to the continent, albeit for disreputable reasons i.e. to win political support or buy votes in the UN. This was done through the then Department of Foreign Affairs Economic Cooperation Promotion Loan Fund from 1968, revised in 1986, and 1994)

When South Africa re-joined the global family of states, not as pariah, in 1994 it sought to transform its foreign policy to that of promotion and protecting human rights, and driver for growth and development in the continent.

In 2000 South Africa formed the African Renaissance Fund (ARF) as a tool to further South Africa's foreign policy objectives, funding such as agricultural projects, democracy and good governance

programmes, humanitarian assistance, repay national debts of countries such as Lesotho, Malawi etc. The ARF disburses about R250 – R300 million per year.

South Africa particularly contributes towards:

- Peacekeeping in Africa and post-conflict reconstruction and development.
- Other capacity building activities – technical assistance, civil servants training etc. - involving other national departments.
- On the other hand, there are state institutions such as the Development Bank for Southern Africa with infrastructure finance net loans into Africa of over R10 billion

In terms of regional integration financing

- South Africa contributes about 20% of the Southern African Development Community's (SADC) operational budget,
- South Africa transfers about R200 million to the African Union (AU), about 15% of the organisations budget.

South Africa is the biggest development partner in Africa:

- In 2004, private and public outflows to Africa amounted to about R1.6 billion
- In 2006 public development assistance was about \$360 – 475million (0,3% of GDP)
- Recently, estimates are that such assistance stands at close to 1% on Gross National Income

However such assistance, financial and non-financial, remained uncoordinated and incoherent.

The result is that such assistance lacked efficiency, is ad hoc and often does not achieve the overall desired impact on the recipients.

Secondly, the South African legal framework is such that it allows any minister to conclude bilateral agreements with only legal vetting from the DoJCD and DIRCO at the tail-end of the negotiations. This therefore further makes coordination of development assistance difficult.

The South Africa Development Partnership Agency (SADPA) seeks to “formalise, rationalise, coordinate and provide structure” to South Africa’s development assistance agenda.

The July Policy Conference of the African National Congress in 2007, and the 52nd National Conference of the ANC in December of the same year called for the establishment of SADPA.

Questions and consideration for members:

1. The development assistance space is congested, what is South Africa’s (via SADPA) competitive advantage?
2. Is SADPA, as proposed, going to coordinate and rationalise outgoing aid? Chapter 13 of the NDP talks to wastage in the pursuit of RSA foreign policy objectives.
3. Will it address the limitations and inefficiencies found in the ARF? One such inefficiency if that is was administered by 2 Departments (DIRCO + NT), is such dealt with?
4. Financing of SADPA – how is this anticipated? What are the potential sources of funds (currently the ARF has about R1billion in its kitty)?
5. How is SADPA going to leverage and/or coordinate the various other development finance from other department and public entities (estimated to the close to R5billion)
6. What is the international best practice on this?
7. At some stage it was anticipated that there shall be SADPA Advisory Board. What is the anticipated composition of the Board?
 - a. How diverse is such Board going to be, such as include members of parliament?
 - b. Private sector is a growing actor in development finance; how will SADPA manage such both as a contributor and indirect beneficiary
8. Post SADPA intervention/development assistance, how does South Africa benefit from such? How does SADPA facilitate ensure such.

Conclusion

The goal was for the Committee to be appraised on the processes towards the establishment of SADPA. This will also assist the Committee to anticipate and be better prepared to deal with the SADPA Bill expected to be tabled by the DIRCO in the 2016/17 financial year.

