

The EU and South Africa: towards a new partnership for development

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»» The growing role of emerging countries in the development assistance landscape is bringing about a change in the international politics of development. South Africa, along with other emerging countries such as China and India, is moving beyond a position as an 'aid' recipient towards defining its role as a development assistance partner. Within this changing international landscape, developed and developing countries alike are reassessing their relationships in the field of development cooperation. In exploring the impact of these changing relations, this policy brief considers the shape and direction of South Africa-EU engagement in development cooperation, where the two parties are moving from a donor-recipient relationship to the construction of a collaborative partnership in support of development. By tracing the emergence of South Africa as a development assistance partner, this analysis highlights areas of policy convergence and divergence with the EU and the potential for making of trilateral development cooperation (TDC), a more central element of South Africa and the EU's strategic partnership.

HIGHLIGHTS

- South Africa and the EU share a common focus on Africa's development and on peace, poverty reduction, human rights and governance that could provide a basis for collaboration.
- South Africa questions the EU's lack of policy coherence in development issues and stated EU commitments to shift aid away from middle income countries.
- There is significant potential for trilateral development cooperation between South Africa and the EU that remains to be explored.



DRIVERS OF SOUTH AFRICA'S INTERNATIONAL DEVELOPMENTAL AGENDA

In the early 2000s South Africa began to pursue an active role in negotiating the future shape and direction of the international development regime through participation in the negotiations around aid effectiveness and later the Global Partnership for Effective Development Cooperation (established at the 2011 High-Level Forum on Aid Effectiveness in Busan). Pretoria has also moved towards positioning itself as a development assistance partner, particularly within Africa, through the creation of the initial African Renaissance and International Cooperation Fund (ARF) in 2001, and the planned establishment of a South African Development Partnership Agency (SADPA). Underpinning these moves are South Africa's own historical legacy; its pursuit of domestic development priorities in foreign policy; and its aspirations to play a central role in shaping the future contours and direction of the international development regime.

The country's history of apartheid has left South Africa as one of the world's most unequal societies, with approximately 40 per cent of the population (predominantly black) living below the poverty line. Economic development is seen as a means to address these inherited economic imbalances. Following South Africa's democratic transition, the government introduced a number of development orientated policies, including the Reconstruction and Development Programme (RDP), the neo-liberal Growth, Employment and Redistribution (GEAR) policy, and the more recent National Development Plan (NDP), released in 2011. Despite slight dif-

ferences in emphasis across these initiatives, they are all consistent in envisioning South Africa as a developmental state and in addressing the injustices of the past.

Linked to the idea of a developmental state is the idea of a 'developmental foreign policy'.¹ This prioritises development concerns within South Africa's international agenda, linking domestic priorities to international engagement. The Zuma administration has consistently maintained that domestic development priorities and a particular focus on the African agenda continue to inform South Africa's stance towards development cooperation and the post-2015 Development Agenda. Development cooperation is increasingly seen as a 'vehicle to advance South Africa's foreign policy to address challenges of poverty, underdevelopment and marginalisation in Africa and the South'.²

The link between domestic and foreign policy in terms of development is further underlined in the 2011 draft White Paper on foreign policy, *Building a Better World: The Diplomacy of Ubuntu*, which notes the importance of 'foreign policy alignment with South Africa's domestic and developmental needs, particularly to create a better life for all South Africans'.³ Moreover, international development cooperation is, for the first time, included within the mandate of the Department of International Relations and Cooperation (DIRCO).⁴ The draft White Paper also provides direction for South Africa's engagement on 'aid effectiveness, increased global development assistance, and strengthening development partnerships'.⁵

In addition to pursuing the role of an emerging development cooperation partner, South



Africa has sought to play a central role in shaping international development negotiations, assuming the position of Co-Chair of the G-20 Development Working Group, and acting as an elected representative to the UN Economic and Social Council (ECOSOC) for the period 2004-2006 and then again from 2013-2015. Within these multilateral platforms South Africa has called for the strengthening of the voice of the global South through engagement with the Africa Group (the African Common Position)⁶, the G77+China, IBSA (India, Brazil, South Africa), and the BRICS (Brazil, Russia, India, China, South Africa). For example, during the 2011 Busan negotiations on aid effectiveness, the inclusion of emerging development cooperation partners such as China, India and South Africa contributed to a change within the negotiations from an emphasis on 'aid' to an emphasis on development cooperation and partnership.

The Busan discussions saw a marked distinction between the position of South Africa and other members of the geo-political South on the one side, and that of the EU and other OECD donors on the other. While the EU was concerned with addressing the proliferation and fragmentation of aid providers, South Africa and other developing countries were more welcoming of an increase in the number of development assistance partners, a trend which provides more options for developing countries to negotiate terms and conditions.⁷ There has also been a division between South Africa and the EU over what should constitute official development assistance (ODA), with developing countries arguing that this should be broadened to include elements such as trade, technology transfers, and investment.⁸ This

contrasts with the EU's more traditional interpretation, set out by the Organisation for Economic Cooperation and Development (OECD), which limits ODA to being provided by state agencies, having a primary focus on economic development, and having a grant element of at least 25 per cent.⁹

As negotiations around the post-2015 Development Agenda gather pace, South Africa argues that there should not be an attempt to re-negotiate existing global development commitments, but rather an effort to build upon the frameworks already in place. Key priorities for South Africa within the post-2015 debates include: funding and implementation of the current MDGs; an understanding of the particular development needs of recipient countries; a focus on poverty eradication, income inequality and job creation (particularly for Africa); an emphasis on all dimensions of sustainable development (economic, social and environmental sustainability); and continued commitment to the principle of Common but Differentiated Responsibilities. South Africa also wants to see a genuine partnership emerge between the geo-political North and South, with the northern countries fulfilling their commitments to contribute 0.7 per cent of gross national income to Official Development Assistance.¹⁰

SOUTH AFRICA'S PRACTICE OF DEVELOPMENT COOPERATION

South Africa's approach to development cooperation has focused on supporting the promotion of democracy and good governance; the prevention and resolution of conflict; socio-economic development and integration; and humanitarian assistance and human resource



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development.¹¹ South Africa's development cooperation budget for the ARF saw development assistance grow from an initial R50 million (about €6 million) in 2003/2004 to a peak of just under R700 million (about €60 million) in 2008/2009. This has been reduced to just over R500 million (about €50 million) since 2011.¹²

There has been consistency in the focus of South Africa's approach towards development cooperation, from the ARF to discussions concerning the future of SADPA's engagement. This is in line with South Africa's foreign policy priorities, which exhibit a central focus on Africa, particularly in terms of peacekeeping, capacity building, regional integration, post-conflict reconstruction, and humanitarian assistance. In terms of capacity building, South Africa has already organised programmes for civil servants from countries such as Burundi, the DRC, Rwanda, and South Sudan, while peacekeeping initiatives have seen South African troops operating in Burundi, the DRC, the Central African Republic (CAR), South Sudan, the Comoros, Liberia and Cote d'Ivoire.¹³ South Africa has also contributed towards elections assistance in the DRC and the Comoros and supported a SADC observer mission to the 2008 elections in Zimbabwe.

In all of these areas South Africa possesses particular expertise and experience – the fruits of the country's own peaceful transition, its domestic development, and its role in peacekeeping and peacemaking initiatives on the continent. The principles guiding South Africa's approach are linked to the wider context of South-South Cooperation, and include an emphasis on recipient countries' ownership of development processes, particularly in de-

termining the focus and outcomes of projects and programmes. A further principle is that partnerships should be based on needs assessment, should be demand driven, and should contribute to improving coordination between development assistance partners within the recipient country.¹⁴ South Africa has also attached importance to building greater understanding of the political, economic and security contexts within each recipient country, in order to ensure that development cooperation does not undermine peace, stability or democracy.¹⁵

The creation of the South African Development Partnership Agency (SADPA) is likely to be a positive step in managing the implementation of development cooperation, although the agency is yet to be operationalised. SADPA will be tasked with policy development (through crafting policy principles that guide decision making), with engagement with relevant departments and partners, and with managing the implementation of projects and programmes. In terms of implementation SADPA aims to enhance the effectiveness and coherence of development programmes across government, to provide administrative and management accountability, and to provide clear operating principles and guidelines.¹⁶ This approach is important, as Pretoria has found itself increasingly stretched in terms of its capacity to manage both its multilateral engagement on development and

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its bilateral development partnerships.¹⁷ In addition, challenges of communication between the relevant departments have been a problem, causing delays in the implementation of projects. There has also been a lack of policies and guidance for implementation of the ARF, as well as capacity constraints in the monitoring and evaluation of projects.¹⁸

While these constraints present implementation challenges, they can also provide the impetus for Pretoria to engage in collaborative partnerships with other actors – such as the EU – in order to meet foreign and development policy objectives.

SOUTH AFRICA, THE EU AND ENGAGEMENT IN INTERNATIONAL DEVELOPMENT COOPERATION

Relations on development cooperation between the EU and South Africa are in a state of transition. The EU has traditionally been one of the largest sources of official development assistance (ODA) to South Africa, providing ‘70 per cent of all external assistance funds: 25 per cent from the EC, 20 per cent from the European Investment Bank (EIB) and 25 per cent from the EU Member States’.¹⁹ In 2013, South Africa received some €100 million for the country’s infrastructure programme and approximately €50 million for job creation initiatives.²⁰ EU ODA to South Africa is aimed at adding value through ‘enabling experimentation and learning, innovation, risk-taking, and capacity building’.²¹ However, it is important to note that South Africa is not dependent on ODA, which accounts for approximately one per cent of the state budget and 0.3 per cent of GDP.²²

South Africa-EU engagement on foreign policy and development issues has gathered pace since the Trade, Development and Cooperation Agreement (TDCA) of 1999. Within the TDCA particular attention is paid to development cooperation within the ‘context of policy dialogue and partnership’, yet this is focused on South Africa as a recipient of EU ODA. In 2007 a strategic partnership was established between the EU and South Africa with regular high-level summits taking place. The 2007 *South Africa-European Union Strategic Partnership Joint Action Plan* identifies a number of areas for cooperation, including development. However, like the TDCA, the focus in this action plan is on South Africa as a recipient country and not on the prospects for EU-South African partnership in promoting development externally.²³ Reflecting this interpretation of EU-South Africa relations, the *Joint Country Strategy Paper 2007-2013* is also primarily concerned with ODA between the EU and South Africa, making only short references to South Africa’s role as a collaborative partner, and only a passing reference to potential regional or continent-wide cooperation (involving bodies such as Southern African Development Community, Southern African Customs Union, and the African Union) and the scope for engagement with the New Partnership for Africa’s Development (NEPAD).²⁴

Both the Action Plan and the Joint Country Strategy Paper continue to reflect a vision of South Africa-EU engagement as merely a partnership in which the EU supports South Africa’s development. However, there are a number of areas of policy convergence that could enable deeper collaboration between the two partners in promoting development more broadly, both at a multilateral level and within third countries.



POLICY CONVERGENCE AND DIVERGENCE ON DEVELOPMENT COOPERATION

An important point of convergence between South African and EU approaches to development is the priority given to Africa. This includes South Africa's foreign policy focus on the African Agenda; its peace-making and peace-keeping commitments on the continent; and its emphasis on supporting the socio-economic development of Africa. Likewise, the EU accords priority to Africa within its development policy framework, *Agenda for Change*, noting that the 'EU should continue to recognise the particular importance of supporting development in its own neighbourhood and in Sub-Saharan Africa'.²⁵ Moreover, given EU commitments to increasingly allocate its aid budget to the world's poorest countries, Africa will become an even greater priority for the EU.

In addition to a focus on the development of Africa, both the EU and South Africa converge around the principles of poverty reduction, human rights, democracy and good governance.²⁶ These broad shared principles were stressed at the 2013 6th South Africa-EU Summit held in Pretoria, where both parties reaffirmed a commitment to 'shared values and interests including the promotion of peace and security, human rights, democracy, the Rule of Law and sustainable development'.²⁷

With much convergence in terms of their regional focus and the broad principles informing their approach to development, the main challenge in building a stronger partnership between the EU and South Africa is divergence concerning practice and implementation. For instance, South Africa's foreign pol-

icy focus on South-South Cooperation and its emphasis on 'solidarity' with developing countries have encouraged Pretoria to look askance at certain conditionality policies, especially those concerning democracy and good governance.²⁸

Furthermore, South Africa, as well as other developing countries, continues to question the linkages between EU economic interests and the EU's approach to development cooperation. South Africa and other actors are concerned that EU policies in areas such as trade, agriculture, manufacturing, and non-tariff barriers may undermine development gains made on the ground in recipient states. For example, the EU Raw Minerals Initiative may see developing countries become more dependent on the export of primary commodities, despite attempts by some countries to introduce export restrictions as part of their developmental strategies.²⁹

The challenge for the EU is to balance its interests and values in a transparent way that addresses some of these concerns. As Mackie (et al) point out, 'Europe is known for its strong discourse on democracy and governance. Yet too often this value-driven EU agenda is perceived as clashing with the way it pursues its security and economic interests, which can undermine the Union's credibility'.³⁰ However, much like the EU, South Africa too has come under scrutiny regarding the balance between perceived economic interests and its peacekeeping, post-conflict reconstruction, and development activities in countries such as the DRC and the Central African Republic (CAR).

There is also concern within South Africa over the EU principle of 'differentiation' between



developing countries, which sets out to distinguish advanced developing countries and those less developed countries which remain significantly dependent on external sources of finance (aid).³¹ The EU's argument is that middle income countries (MICs) are able to support some of their own development, although this distinction glosses over the continued challenges of inequality and poverty within MIC countries. The problem with the EU claiming that some states have 'graduated' to MIC level is that it creates a perception that the EU is defining new partnership models in which it 'still sees it as its [the EU's] responsibility to define the stature of its partners'.³²

Despite these sources of tension, the significant areas of policy convergence between the EU and South Africa do provide a platform for deepening relations as collaborative partners on development. In building such a collaborative partnership, trilateral development cooperation (TDC) could help facilitate a better understanding of respective development approaches and enhance cooperation in the field.

SOUTH AFRICA-EU AS COLLABORATIVE DEVELOPMENT PARTNERS: THE FUTURE OF TRILATERAL DEVELOPMENT COOPERATION

The potential for TDC between the EU and South Africa has been under-explored and requires greater attention. In contrast to the experience of emerging development partners such as China and Brazil, where trilateral cooperation initiatives have received something of a 'lukewarm' reception or failed to gather momentum, trilateral cooperation is an area that is gaining attention within development

thinking in South Africa. South Africa has already pursued TDC with individual EU member states, including Germany's TriCo Fund, in the pursuit of shared development objectives.³³ Nevertheless, when it comes to EU-South Africa partnerships, thinking on trilateral engagement remains in its infancy. The Joint Country Strategy Paper of 2007-2013 only referred to the 'potential' of TDC, while the most recent Progress Report available on the EU and South Africa as development partners (2010) only includes a few lines on the matter, noting that there is potential for the EU to undertake TDC with South Africa, not least given the experience of EU member states, such as Germany, which have already launched joint initiatives on the continent.³⁴

South Africa is currently in the process of developing a framework for TDC, which will guide Pretoria's approach towards trilateral partnerships aimed at ensuring that they are demand driven, meet the development priorities of the beneficiary country, and promote local ownership and partnership. The potential benefits of TDC include the creation of a platform for improving coordination between development partners in beneficiary countries, boosting resources for projects or programmes (particularly as South Africa's own ODA budget is relatively small), and the creation of economies of scale. The benefits for South Africa of a partnership with the EU lie in the opportunity to engage with existing expertise on development cooperation and to enhance South Africa's own development cooperation capacity. For the EU there is the opportunity to learn from South Africa's own unique experience and its understanding of the region.

Moving towards a more substantial EU-South Africa partnership on development requires



further research into the partners' different approaches to development cooperation, with a view to building a deeper working partnership. This should include identifying existing programmes/projects and unpacking the 'lessons learned' to inform future TDC initiatives. The challenge has been that engagement so far has been ad hoc and uncoordinated, with the SADPA yet to be operationalised. Progress should include building shared understanding around basic concepts (development, democracy, human rights) and their policy implications for development, as well as defining approaches (e.g. best practice, monitoring and evaluation) for managing a horizontal partnership between the EU, South Africa and beneficiary countries. The next steps should also

include consideration of just what *is* strategic for the partnership when it comes to development, or where an EU-South African partnership with a beneficiary country could add the most value in a field where there are a burgeoning number of development actors. What will be critical to EU-South Africa relations going forward is that the strategic partnership dialogue (and future action plans) should reflect the potential for the two to act as equal partners in promoting development in Africa and beyond, moving beyond their previous donor – recipient relationship.

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ENDNOTES

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