

Republic of South Africa
JICA Country Analysis Paper

Japan International Cooperation Agency

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The JICA Country Analysis Paper is a document where JICA analyses the respective country from the development point of view with the aim of using it when JICA as a development assistance organisation considers and implements effective cooperation with the country. This document also provides development-related information when the Government of Japan draws up “Country Assistance Policy for the Development” and other assistance policies. Actual cooperation specifics and projects for the country are discussed and decided according to the policy of the Government of Japan, budget of the fiscal year, circumstances surrounding the project, etc.

Map of the Republic of South Africa¹



¹ Source: UN. Kingdom of Swaziland, one of the neighboring countries, has changed its name to Kingdom of Eswatini but the change is not reflected on the map.

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Abbreviations

AfCFTA	African Continental Free Trade Area	African Continental Free Trade Area
AfDB	Africa Development Bank	Africa Development Bank
AU	African Union	African Union
AUDA-NEPAD	African Union Development Agency-NEPAD	African Union Development Agency
BRICS	Brazil, Russia, India, China, South Africa	Name of the group consisting of Brazil, Russia, India, China and South Africa ²
CAPP	Central African Power Pool	Central African Power Pool
CEO	Chief Executive Officer	Chief Executive Officer
CIF	Climate Investment Funds	Climate Investment Funds
COMELEC	Maghreb Electricity Committee	Maghreb Electricity Committee
COP	Conference of the Parties	United Nations Framework Convention on Climate Change
DAC	Development Assistance Committee	Development Assistance Committee
DBSA	Development Bank of Southern Africa	Development Bank of Southern Africa
DFI	Development Finance Institution	Multilateral Development Banks
DSA	Debt Sustainability Analysis	Debt Sustainability Analysis
EAPP	Eastern Africa Power Pool	Eastern Africa Power Pool
EU	European Union	European Union
FDI	Foreign Direct Investment	Foreign Direct Investment
GDP	Gross Domestic Products	Gross Domestic Products
GEF	Global Environment Facility	Global Environment Facility
GEI	Global Entrepreneurship Index	Global Entrepreneurship Index
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria	Global Fund to Fight AIDS, Tuberculosis and Malaria
GNI	Gross National Income	Gross National Income
HGS	Home Grown Solutions	Home Grown Solutions
ICC	International Criminal Court	International Criminal Court
ICT	Information and Communication Technology	Information and Communication Technology
IFNA	Initiative for Food and Nutrition Security in Africa	Initiative for Food and Nutrition Security in Africa
IMF	International Monetary Fund	International Monetary Fund
IPP	Independent Power Producer	Independent Power Producer
JET	Just Energy Transition	Just Energy Transition
JETRO	Japan External Trade Organization	Japan External Trade Organization
JGA	JICA Global Agenda	JICA Global Agenda
LDC	Least Developed Country	Least Developed Country
MOU	Memorandum of Understanding	Memorandum of Understanding
NCCAS	National Climate Change Adaptation Strategy	National Climate Change Adaptation Strategy

² In January 2024, five countries (Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates) joined the group, which increased the number of members to ten, but the name remains the same.

NDB	New Development Bank	New Development Bank
NDC	Nationally Determined Contribution	Nationally Determined Contribution
NEPAD	New Partnership for Africa's Development	New Partnership for Africa's Development
NINJA	Next Innovation with Japan	JICA's initiative to create business innovation
ODA	Official Development Assistance	Official Development Assistance
OECD	Organization for Economic Co-operation and Development	Organization for Economic Co-operation and Development
OSBP	One Stop Border Post	One Stop Border Post
SADC	Southern African Development Community	Southern African Development Community
SAPP	Southern African Power Pool	Southern African Power Pool
SATREPS	Science and Technology Research Partnership for Sustainable Development	International science and technology cooperation program to tackle global challenges
SDGs	Sustainable Development Goals	Sustainable Development Goals
SHEP	Smallholder Horticulture Empowerment & Promotion	Market-oriented agriculture promotion
SONA	State of the Nation Address	State of the Nation Address
TICAD	Tokyo International Conference for African Development	Tokyo International Conference for African Development
TIMSS	Trends in International Mathematics and Science Study	IEA Trends in International Mathematics and Science Study
TVET	Technical and Vocational Education and Training	Technical and Vocational Education and Training
UHC	Universal Health Coverage	Universal Health Coverage
UN	United Nations	United Nations
UNHCR	Office of the United Nations High Commissioner for Refugees	Office of the United Nations High Commissioner for Refugees
USAID	United States Agency for International Development	United States Agency for International Development
WAPP	West African Power Pool	West African Power Pool
WB	World Bank	World Bank
WEF	World Economic Forum	World Economic Forum
WHO	World Health Organization	World Health Organization

1. Present state of South Africa

(1) Overview of the country

Table 1 Outline Data

Area	1.22 million km ² (approximately 3.2 times the area of Japan)
Population	62.02 million (2023 census) The fifth largest population in Sub-Saharan Africa *51.77 million (2011 census)
Ethnic groups	Black: 81.4%; Colored: 8.2%; White: 7.3%; Asian: 2.7%; Other: 0.4% (2022 Census)
Religion	Christian: 85.3%; Traditional African: 7.8%; Islam: 1.6%; Hindu: 1.1% (2022 Census)
Language	12 languages, including English, Afrikaans, Zulu, and Sotho, are its official languages ³
GDP	419.9 billion dollars (2021, WB) The second largest population in Sub-Saharan Africa *351.0 billion dollars (2013, WB)
Real GDP growth rate	4.9% (2021, WB) *-6.43% (2020, WB), 0.1% (2019, WB)
GNI per person	13,130 dollars (2020, WB) *13,930 dollars (2019, WB), 13,400 dollars (2016, WB)
Human development index	0.713 (2021, 109th) *0.703 (2016, 111st)
Unemployment rate	32.1% (2023, Statistics South Africa) Black: 36.1%; Colored: 21.7%; Indo-Asian: 11.7%; White: 8.5% *24.1% (2013, Statistics South Africa)
Poverty rate	55.5% (14, WB) *No updating information, but increasing due to the impact of COVID-19
Disparity (Gini coefficient)	0.63 (2014, WB) ⁴ *No updating information since 2014
Gender inequality index	97 th of the 191 countries (2021, UNDP) *90 th of the 188 countries (2015, UNDP)
Gender gap index	20 th of the 146 countries (2023, WEF) *15 th of the 144 countries (2016, WEF)

³ In July 2023, sign language was adopted as the 12th official language. South Africa is the 4th country in Africa to adopt sign language as an official language following Kenya, Zimbabwe, and Uganda.

⁴ International comparison of Gini's coefficient is difficult due to limited data in many countries, but according to CIA "The World Factbook," South Africa is the country with the highest Gini's coefficient (the widest income difference) in the world.

[Gini Index coefficient - distribution of family income \(cia.gov\)](https://cia.gov)



Figure 1 Map of South Africa

(2) Politics and diplomacy

a. Political system

- The African National Congress (ANC) has held the Government since the abolishment of apartheid. The rate of votes obtained by ANC in parliamentary/general elections is shown in the table below. The rate was lowest in 2019 since the abolishment of apartheid. In the nationwide local election of November 2021, its rate dropped to under 50% (45.6%) for the first time. The rate of votes obtained by the leading opposition party, the Democratic Alliance (DA), also dropped from 26.9% to 21.7%, whereas other opposition parties, including the Economic Freedom Fighters (EFF) and the Inkatha Freedom Party (IFP), increased their votes. The percentage of women among ministers is 48.1% (the 15th among 190 countries), the percentage among the National Assembly and the National Council of Provinces (NCOP) members is 46.3% and 44.4%, respectively (the 11th of 186 countries). (2023 UN Women)

Table 2 Rate of Votes Obtained by ANC

Year	1994	1999	2004	2009	2014	2019
Rate of obtained votes	62%	66%	70%	65%	62%	57%

- After the resignation of President Jacob Zuma of the Republic of South Africa, then Deputy President Cyril Ramaphosa, who had been regarded as the right-hand man of Mr. Nelson Mandela, was inaugurated as President on February 15, 2018. President Ramaphosa successfully changed his course to business in 1997 and took the office of Deputy President in the Zuma Administration in 2014. Coming from the business world, he is strongly supported by the business community of South Africa and expected to promote employment and secure power supply, and investigate corruption in the Zuma Administration, etc. in addition to the reform of the slow-growing South African Economy. However, suspicion that he is corrupt himself, came to surface in 2020.
- In the State of the Nation Address (SONA) at the time of the inauguration in February 2018, the President stated that the Government would take priority measures for the empowerment

of young people through free higher education by tackling the employment issue, including job creation by expanding support for medium and small enterprises. However, the slow-growing economy and drop in employment rates due to the COVID-19 pandemic, increased debts of Eskom as South Africa's national transmission company and other state-run enterprises, and deteriorated power supply led to evident political mistrust.

- SONA of 2022 provides the following:
 - Measures related to COVID-19 are the top priority.
 - The Government holds up the overcoming of the slow-growing economy to address the worsened unemployment rate.
 - Measures for this purpose include the stabilisation of power supply and structural reform of inefficient railways and ports.
 - The above requires revamping of the state-run enterprises that are in financial difficulties (e.g. Eskom, Transnet in physical distribution).
 - An especially big challenge is structural reform and breaking away from fossil fuel of Eskom, which has been continuing load shedding since 2015 and depends on coal-fired power generation.
 - The Government will promote renewable energy through the Independent Power Producer (IPP), the liberalisation of the power market, and split up of Eskom.
- The Government of South Africa has a three-layer structure consisting of the national, provincial, and local governments. Because decentralisation is promoted, the financial management of local governments is important for the stabilisation of infrastructure.

b. Diplomacy

- South Africa was the host country of AU in 2020 and is positively promoting the African Continental Free Trade Area (AfCFTA). In Southern Africa, the country is actively launching assistance in the Region through the Development Bank of Southern Africa (DBSA), etc. and bilateral cooperation with a focus on the Southern African Development Community (SADC) countries.
- The country cooperates with China bilaterally and through BRICS, etc. At the China-South Africa New Energy Investment and Cooperation Conference held in Johannesburg in June 2023, the Chinese Ambassador to South Africa mentioned the strengthening of cooperation in the field of renewable energy.
- The country is the only G20 member from Africa and is to chair the G20 in 2025. It was a non-permanent member of the United Nations (UN) Security Council from 2019 to 2020. Furthermore, in August 2021, President Ramaphosa became the Chairperson of the SADC Organ on Politics, Defence and Security.
- In December 2023, South Africa filed an application instituting proceedings against Israel concerning the conflict in Palestinian autonomous region Gaza strip before the International Court of Justice (ICJ). In this way, the country has a certain presence in the international community.

(3) Geopolitical position (role in the region)

a. Geopolitical position (role) in Southern Africa

- Being the second-most populated country following Congo among the SADC member countries, South Africa accounts for about 50% of the total GDP, exports and imports of all SADC countries. Many workers immigrate from neighbouring countries: 4.04 million immigrants to South Africa (2018, WB) or 58% of the immigrants in SADC. Immigrants account for approximately 7% of its total population and there are frequent attacks on foreign workers. Foreign students in its institutions of higher education (universities) number a little more than 40,000, about 60% of whom come from SADC countries (University of South Africa

accepts the largest number of them). During COVID-19, it was reported that returnees from South Africa spread COVID-19 to the neighbouring countries by illegally crossing borders.

b. Geopolitical position (role) in Africa

- Because the country has the second-largest GDP in Sub-Saharan Africa and is a center of manufacturing and retail in Africa, exports to African countries account for a high percentage (approximately 30%). Retail companies based in South Africa are operating widely in African countries. These highly competitive companies can further reap the benefits from AfCFTA that was launched when President Ramaphosa was AU Chair.

(4) Economy

a. Industry and employment

- South Africa's GDP in fiscal 2021 was 399 billion US dollars, accounting for approximately 20% of the GDP of Sub-Saharan Africa. Before the business stagnation caused by COVID-19, the country maintained annual growth of 1 to 2%, driving African economy as the second-largest economy following Nigeria among Sub-Saharan countries. Looking at GDP composition by industry, the primary, secondary, and tertiary industries account for 2.9%, 24.8%, and 72.2% respectively: the percentage of the service industry is large, where the financial and insurance sector account for 16.4% of the total GDP (OECD, Country Statistical Profile, South Africa 2023)⁵. Thanks to the rapid recovery after COVID-19, its GDP in fiscal 2021 grew 4.9% from the previous year, but later got back to the level before the pandemic. According to the scenarios created by the National Treasury of the country, the rate will settle at the level from 1 to 2% in any of the scenarios.
- The working-age population is 39,745,000 (Black: 32,299,000; Coloured: 3,543,000; White: 2,872,000; Indo-Asian: 1,031,000). The labour force ratio by gender is 50.6% for females and 63.6% for males (2022 WB). The female economic participation rate is 0.676 (81st of 146 countries (2023 WEF)).
- The total number of workers is 14,282,000. The breakdown by industry is as follows: public service (3,191,000), commerce (2,778,000), financial business (2,248,000), manufacturing (1,100,000), and mining (around 450,000) in decreasing order.
- The unemployment rate of South Africa has been high for some time (24.1% in 2013, Statistics South Africa) and has further increased to 32.1% (2023, Statistics South Africa) recently. Contributing factors include the fact that the education/skill level of black people, who account for a great majority of the population, does not meet the needs of the industry due to the educational disparity during the age of apartheid, and the fact that there are not enough jobs to meet the increased black labor force due to the stagnant economic growth since the 2010s.

b. Trade

- South Africa's major export destinations are China (13%), the United States (9.3%), Germany (8.3%), the United Kingdom (5.5%), and Japan (4.9%) in decreasing order (2020). Exports within Africa, mostly to Botswana, Mozambique, Namibia and other neighbouring countries, are 26% of all its exports. Among export articles, steel accounts for the majority (11.9%) followed by mineral products, rare metals, nonmetals, chemicals, and vegetables. Major export items to Japan are such minerals as iron metal (78%) and iron ore (6.5%) as well as automobiles (2.4%).
- The top four exporters to the country are China (21%), Germany (9.3%), the United States (6.6%), and India (5.3%). Japan is eighth at 2.8% (2020). Imports to South Africa from other

⁵ GDP component ratio by industry: Financial business/real estate (26.2%), commerce/accommodation/restaurants, manufacturing (12.6%), and government services (9.5%) in decreasing order.

African countries account for 10% of all its imports. The top African exporter to the country is Nigeria, at 3.2%. Major import items include petroleum products, machine products, chemicals, and automobiles. The major export item from Japan is machinery.

- There are 268 Japanese companies (2020) with bases in the country. The number of their bases has been flat in the past few years,⁶ but investment has been decreasing.⁷

c. Economy and fiscal situation

- The inflation rate in 2022 was 7.04%, sharply rising from 4.61% in the previous year in tandem with the global inflationary trend. Recently, the rate has started to stabilise and has remained under 7% since 2023, but the policy interest rate has continued to increase. The policy interest rate in South Africa was decreased to 3.5% after the spread of COVID-19, then increased stepwise under global inflationary pressure, and a further 0.5% increase was decided in May 2023 to 8.25%, the highest level in the last 14 years.
- The government deficit to GDP ratio in fiscal 2021 was minus 5.20%, which is almost the same as the result of 2019 and 2018. In fiscal 2020, it worsened temporarily to minus 9.61% due to a tax income decrease and expenditure increase under the influence of the spread of COVID-19 in addition to the increased payment of interest on government debt, which is increasing year by year. Foreign currency reserves have been steadily increasing for some time. The reserves decreased temporarily with the recession caused by COVID-19, but smoothly increased again after the International Monetary Fund's (IMF's) emergency loan (4.3 billion US dollars) that was approved in July 2020 in response to COVID-19. Currently, the country has currency reserves of 60 billion US dollars (six times the amount of monthly imports). However, South Africa's external debt has increased to around 40% of its GDP with the increase of approximately 20 billion dollars in the last ten years. It is predicted that the trend will continue for the next several years.
- The current account balance of South Africa continued to be on the deficit trend since the latter half of the 2000s. This is due to a yearly increase in deficit of primary income, though the trade and service balance has been in the black since 2016. In 2020, when COVID-19 caused a recession, a rapid decrease in imports due to a fall in domestic consumption led to a substantial surplus of the trade/service balance, and the current account balance also ended in surplus. In 2021, when imports reached a record high as a reaction, and the export amount was also the largest ever, the trade/service balance and current account balance maintained black. However, the current account balance remained in the red in 2022. Deficits in the current account balance are made up for with direct investment including corporate acquisition and factory construction, and capital inflow including securities investment.
- The draft budget announced in February 2023 aims at fiscal consolidation by using a part of mining income to reduce the financial deficit. The budget assumes a reduction of the financial deficit to 4% of GDP in fiscal 2023/2024 and to 3.2% of GDP in fiscal 2025. However, even if financial deficits decrease, it is expected that debt relief to Eskom by the Government will increase the government debt from 71.4% of GDP in fiscal 2022/2023 to 73.6% in fiscal 2025/2026.
- The Rand-USD rate was between 0.050 and 0.076 dollars in the past five years. Since May 2021, global inflation and the accompanying increase in policy interest rate of the United States caused a continuing capital outflow of the Rand and other currencies of developing nations. The Rand continues to be weak. Factors of the low Rand pressure include the lower economic growth rate and inflation rate, which remains high.

⁶ 275 companies in 2015

⁷ 1,242 billion yen (2017) → -1,425 billion yen (2019) → -4,837 billion yen (2020) → 452 billion yen (2021) on an international balance basis

- There are no prospects for long-term stability of government debts, and the outstanding obligation is expected to continue to be high. However, the DSA is considered moderate because of low risk based on the debt currency/maturity structure and the solid domestic capital market. In order to control medium- to long-term sovereign risk, it is necessary to advance the structural reform for fiscal reconstruction and growth. The sovereign rating of Moody's is Ba2 (November 2023), that of Fitch is BB- (July 2023) and the same of S&P is BB-(Stable).

Table 3 Economic Indicators of South Africa⁸

Index	2018	2019	2020	2021
Real GDP growth rate (%)	1.5	0.1	-6.4	4.9
Current account balance (percentage to GDP)	-3.73	-4.70	-9.61	-5.54
Economic balance (million Rand)	-172,962	-144,549	109,786	-
Price increase rate (%)	4.7	4.1	3.3	4.5
Foreign currency reserve (billion US dollars)	51.64	55.06	55.01	-
Balance of foreign debt (million US dollars)	172,508	185,358	170,407	-

d. Financial market

- Lending by domestic financial institutions to the private sector is around 95% of GDP. The rate was around 120% up to around 2018, but is currently shrinking. S&P's country risk assessment for the bank sector (BICRA: Banking Industry Country Rating Assessment) places the country in Group 6, where Brazil, China, and India are also placed.
- The financial sector of South Africa includes 14 local banks, local subsidiaries of four foreign financial institutions, three mutual savings banks, and branches or offices of 41 international financial institutions. Overall, the profitability of the financial sector, which is expected to grow roughly in line with the growth rate of the country, is predicted to fall because the country's economic growth will decelerate amid the global uncertainty and domestic economic activities will be increasingly restricted due to the restriction of power supply.
- Domestic financial institutions are enjoying a stable return thanks to high ordinary fee income and good risk management. Increasing profit margins accompanying rising interest rates will support their profitability, but this will be partially offset by slowing down in the growth of loan amounts, which calls for efforts to reduce costs.
- The capital adequacy ratio was maintained at around 17% also in 2023 thanks to the accumulated internal capital and the gradual capital increase.
- In spite of the globally worsening fundraising environment, fundraising and mobility are expected to remain stable thanks to the low dependence on external funds. Domestic savings, which have been around 60% of GDP, are an important source of funds for the banks.
- The regulatory and supervisory authority over financial institutions is the Prudential Authority under the South African Reserve Bank (SARB), which is the central bank of the country. Its independence is sufficiently guaranteed and its supervision over domestic financial institutions is considered to be on par with other central banks around the world.

(5) Surrounding environment

a. Impact of Ukrainian crisis

- South Africa imports 40% of its domestic wheat consumption, and 30% of domestic wheat consumption is imported from Russia and Ukraine. With the rise of fertiliser and oil prices, prices of grains, chicken meat, cooking oil, bread, etc. are also rising in the country, but it is

⁸ Source: IMF, WB, and JETRO

assumed that the impact is relatively small compared with the impact on other African countries. Because South Africa is an exporter of maize and competes with Ukraine, it is expected that its maize export can benefit from the crisis.

- In the 1980s, the former Soviet Union provided the ANC with arms to fight against apartheid. The country strengthened its relationship with Russia in BRICS and agreed with the construction of a Russian nuclear power plant during the former Zuma Administration. At the time of the nationwide local elections of South Africa in 2021, a mining company owned by a person with a close relationship with President Putin, donated 330,000 US dollars to the ANC. In May 2023, US Ambassador Brigety to South Africa indicated to local media that the country provided arms and ammunitions to Russia, but the Office of the President of South Africa rejected the claim, saying “no evidence was found.” The Government of South Africa announced its stance of Non-Aligned Movement, keeping distance from big powers competing for leadership, and abstained from voting on the resolution condemning Russia in March 2022. South Africa proclaimed neutrality concerning the military advance of Russia into Ukraine, but implemented a joint military exercise with Russia and China in February 2023. The country is criticised as tilting in favour of Russia from within the country and abroad. As G7 countries are intensifying their criticism of Russia and China, South Africa was not invited to the G7 Hiroshima Summit held in May 2023 to which Brazil, India, etc. were invited.
- In March 2023, the International Criminal Court (ICC) issued an arrest warrant against President Putin for alleged war crimes involving the invasion of Ukraine. South Africa, a member of the ICC, was considered to be obliged to execute the arrest warrant if Putin visited South Africa to attend the BRICS Summit held in Johannesburg in August 2023. However, President Putin did not visit the country (he attended online) and Foreign Minister Lavrov attended the meeting by proxy.⁹ The BRICS Foreign Ministers’ Meeting was held in Cape Town in June 2023. Regarding the dispute between Russia and Ukraine, the ministers stated that they would pay attention to efforts for a solution through dialogues and diplomacy, and requested the effective implementation of the memorandum on the Black Sea Grain Initiative. They also expressed concern that the execution of one-sided enforcement measures such as economic sanctions incompatible with the principle of the UN Charter, would adversely affect the economies of developing countries.

b. Gender

- In South Africa, gender-based violence (GBV) and femicide have become a social problem. Damage due to GBV is severe—femicide is five times the world average and the rate of female mortality caused by interpersonal violence is the fourth-highest among 183 countries (2016. WHO). In addition to the strong physical and mental pains of the abused women, GBV has become a hindrance to medium- to long-term socioeconomic development through negative effects on children, families and local communities, and negative effects on the economy through increased medical, social welfare, and legal costs and lowered productivity of women.

c. Racial/ethnic disparity

- The South African Census (2022) implemented after more than ten years does not clearly mention racial/ethnic disparities, but shows a big difference in the number of incoming higher education students (as a percentage of the population from 18 to 29); for example, the percentages for the White and Indian/Asian population are about three times that for the

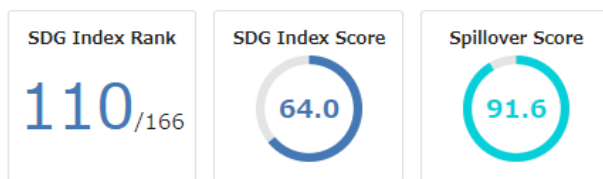
⁹ South Africa hosted the summit meeting as the BRICS chair country of 2023. As a result of the meeting, President Ramaphosa, the Chair announced that the member countries would increase from five (Brazil, Russia, India, China, and South Africa) to eleven with the addition of Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates. (Later, Argentina cancelled joining as a result of a change of government, but the other five countries officially joined BRICS in January 2024, bringing the number of member countries to ten.)

Coloured/Black population. The census also shows that the ratio of medical insurance subscribers among the White population is seven times as large as the ratio among the Black population. Furthermore, there is a big difference in unemployment rates: lower than 7% among the White population, whereas as high as 37% among the Black population. As a background factor to the high employment rate among the Black population, it is pointed out that their knowledge/skills have not reached the level required by employers as a result of the educational environment during apartheid. According to the previous census (2011), the average annual income of White households was about six times that of Black households.

- There are racial/ethnic enmities in some sections, including rising support from the poor, who are feeling more aggrieved under the slow-growing economy, for opposition parties upholding the exclusion of White people (EFF, a new party established in 2013, has 44 of the 400 seats in the National Assembly, frustration/reaction of White people against the ruling party upholding preferential treatment for Black people, and the exclusion of Black immigrants and workers from neighbouring Zimbabwe. A full consideration of the above is required in project planning and implementation.

(6) SDG achievement status

- As shown in the figure below, the Sustainable Development Goal (SDG) achievement score of South Africa is 64.0 (111th of all 166 countries and 8th in Africa) and challenges remain in all 17 goals.
- There are some improvements in SDG-9 Industry, Innovation and Infrastructure, but a worsening trend is found in SDG-4 Quality Education, which indicates the disparities and challenges in Human Resource Development (HRD) in South Africa.



SDG Dashboards and Trends

Click on a goal to view more information.



Dashboards: ● SDG achieved ● Challenges remain ● Significant challenges remain ● Major challenges remain ● Information unavailable
Trends: ↗ On track or maintaining SDG achievement ↘ Moderately improving → Stagnating ↓ Decreasing ↔ Trend information unavailable

Figure 2 SDG Achievement Status of South Africa¹⁰

¹⁰ Source: Sustainable Development Report 2023 (Sustainable Development Report 2023 (sdgindex.org))

2. Development policy and major development challenges of South Africa

(1) Development policy of South Africa

a. Development policies/plans

- Long-term plan (National Development Plan Vision 2030)
 - Outline

This is the long-term National Development Plan drafted in 2012. As a priority issue, it positions the eradication of poverty and correction of inequality generated by apartheid. Special focus is placed on better education and employment opportunities for young people. Other priority issues are shown below: they are consistent with the targets and priority fields of SDGs.
 - Priority issues
 - ✓ Economy and employment
 - ✓ Economic infrastructure
 - ✓ Environmental sustainability and resilience
 - ✓ Integrated and inclusive rural economy
 - ✓ Positioning South Africa in the world
 - ✓ Transforming human settlement
 - ✓ Healthcare for all
 - ✓ Social protection
 - ✓ Building safer communities
 - ✓ Building a capable and developmental state
 - ✓ Fighting corruption
 - ✓ Transforming society and uniting the country
- Medium-term Plan (Medium Term Strategic Framework 2019-2024)
 - Outline

This is a development plan that provides a medium-term strategic framework for five years in consistency with the NDP Vision 2030. It was approved by the Cabinet in fiscal 2019, and revised in 2021 to respond to the environmental change caused by COVID-19.
 - Priority issues for the period from 2019 to 2024:
 - ✓ A capable, ethical and developmental state
 - ✓ Economic transformation and job creation
 - ✓ Education, skills, and health
 - ✓ Consolidating the social wage through reliable and quality basic services
 - ✓ Spatial integration, human settlements and local government
 - ✓ Social cohesion and safe communities
 - ✓ Better Africa and the world

b. Power crisis and related policies

- Power shortages have worsened in South Africa, leading to frequent load shedding since 2022. Total load shedding time was 3,773 hours in 2022, and the electricity suppressed through planned outages was as much as 11,529GWh (2022).
- According to the 2023 February Report by the Council for Scientific and Industrial Research (CSIR), a South African research institute, the major factor of the power crisis is the worsened facility utilisation factor of power plants owned by Eskom. The Report also points out that, while the service life of a typical power plant is 50 years, the average operation period of Eskom power plants is as short as 45 years. In addition to aging facilities, the delay of the public procurement programme for renewable energy has been pointed out as a factor of the expanded supply-demand gap.
- Of the 6,000MW power demand, 4,000MW is not satisfied, but the supply is expected to drop further as the existing power plants age further. Eskom Chairman Dr. Mteto Nyati focuses on

the recovery of coal-fired power generation, but it is estimated that it will take at least two years for power supply to meet the demand.

- The Government of South Africa announced the Integrated Resource Plan (IRP) in 2019 to provide energy policy up to 2030. IRP sets 77,834MW as the power generation in 2030 and aims at the following power source ratio: 43.0% by coal, 39.6% by renewable energy, 8.1% by natural gas and diesel, 6.4% by water pumping, 2.4% by nuclear power, and 0.5% by others. IRP calculates the growth of power demand of South Africa by assuming that the annual average GDP growth rate will be 4.3% up to 2030. As the Government of South Africa plans to renew IRP in the future, possible changes in total power generation by energy source, investment plan, etc. attract attention.
- Greenhouse Gas (GHG) emissions of South Africa are within the top 20 of the world. In NDC, which was reviewed at the opportunity of the 2021 COP26, the country sets the goals of reducing annual emissions to 398-510 million t-CO₂eq by 2025, to 350-420 million t-CO₂eq by 2030, and achieving carbon neutrality by 2050. The lower limit of emissions in 2030 is consistent with the 1.5°C target, while the upper limit is consistent with the 2.0°C target. As national plans important for the achievement of the goals, the plan refers to the 2019 Integrated Resource Plan, the Green Transport Strategy and other plans. Transformation of society and economy is required toward the goals.
- As mentioned in NDC, South Africa formulated NCCAS in 2020. It upholds the enhancement of resilience to climate change and integration of development and climate resilience.

(2) Major development challenges/sectors of South Africa

a. Vocational training and kaizen

- The South African economy is subject to the international commodity market, and its trade structure, which is heavily dependent on specific industries, has a negative effect on stable economic growth. To address this situation, the country is trying to diversify its export industries with a focus on manufacturing, that is more intrinsic and can employ more low-skilled workers.
- As described above, the unemployment rate of South Africa remains high, at 32.1% (2023, Statistics South Africa). Toward the goal of the NDP 2012-2030 (create 11 million jobs and reduce the unemployment rate to 6% by 2030) the Department of Higher Education and Training (DHET) has developed and spread the Centre of Specialisation (COS),¹¹ an industry-academia collaboration programme as part of the enhancement of technical and vocational education and training (TVET). “TVET Revised 2020-2025 Start Plan” aims to “train 700 COS artisans every year” and “spread the COS program to all 50 TVET colleges nationwide.”

b. Basic education

- Educational disparity (including teacher training) under apartheid still has a big impact, leaving challenges for the establishment of an education system that can develop the human resources (especially for science and technology) needed in industry.
- Regarding access to basic education, the net enrolment rate of primary education has improved from 84.4% (2015) to 86.7% (2019). However, there is a challenge in the form of basic mathematical skills in primary education (average score of TIMSS in 2019 was the 56th of 58 countries), which forms the basis of HRD to support medium- to long-term economic development.
- The National Department of Basic Education (DBE) formulated the “Action Plan to 2024 (2020)” establishing the following priority fields: (1) improvement of mathematics/reading

¹¹ Three-year curriculum of promising occupations as defined in the national infrastructure plan consisting of one and a half years in learning in a TVET college and another one and a half years of practice in industry.

comprehension; (2) development of skills toward the Fourth Industrial Revolution (4IR); (3) standardised assessment and reduction of repetition/drop-out rates; (4) pre-school education; (5) school infrastructure; and (6) social cohesion, health and school safety. DBE also formulated the “Mathematics Framework (2018)” to promote children’s understanding of mathematical concepts.

c. Startup

- South Africa is one of the Big Four together with Nigeria, Egypt, and Kenya, to drive the growth of startups in Africa. However, the country is short of early-stage funding, experienced mentors, support for entrepreneur training for poor black people, market access, etc. Legislation, including the Startup Act, is also insufficient. A tax incentive named Section 12J ended in 2021, and investment has been on the decline since 2021.
- Genome’ Ecosystem Value (2020-2022) values Cape Town at 3.4 billion US dollars and Johannesburg at 764 million US dollars. In African Startup Ecosystem Performance Ranking, Cape Town is ranked third, and Johannesburg fourth. The country ranks high in Africa, but is ranked 57th (2018) of 137 countries in the Global Entrepreneurship Index (GEI 2018). Neither Cape Town nor Johannesburg is in the top 100 of the Global Ecosystem Ranking. The country is still young in this field, if seen globally.
- In order to promote new business, the NDP Vision includes the creation of an environment for more entrepreneurs to enter markets and expand their business, consideration of the government’s role in expanding the access to funds and financing in early stages, including the seed period.

d. Higher education (university)

- South Africa is a leading country on the African Continent, but its university entrance rate is 24.2% (2020). In addition, university education sometimes does not meet employers’ needs. It is desirable to develop human resources who directly contribute to social/economic development. Another concern is the slow growth of the higher education entrance rate among the black population (from 2.9% in 2002 to 5.3% in 2021).
- The Department of Higher Education and Training (DHET) formulated the “Strategic Plan 2020-2025.” The Plan includes the enhancement of HRD in the area of economic and social development, and the creation of innovation hubs in TVET colleges. Its aim is to promote the participation of all citizens in economic activities by using all educational resources, including higher education and vocational training facilities, while at the same time advancing human development to promote further democratisation of the country.

e. Science, technology, and climate change countermeasures

- The Department of Science and Innovation’s (DSI’s) “Science, Technology, and Innovation (STI) Decadal Plan 2022” places emphasis on the promotion of large-scale research and innovation in the energy sector, proactive utilisation of science, technology, and innovation, and three major social challenges (climate change and environmental maintenance, education/capacity enhancement and employment for the future, and ideal society). It considers efforts in the field of climate change countermeasures toward a decarbonised society. Policies related to NDC, NCCAS, etc. in South Africa are described in 2. (1) b.

f. Energy

- The biggest challenges in South Africa’s energy sector are the elimination of the power supply-demand gap and low-carbon/decarbonisation.
- In spite of the increased power demand caused by population increase and economic growth in the 2000s, not enough electricity is supplied due to inadequate investment to the plant and the

worsening facility utilisation factor of deteriorated coal-fired power generation facilities (the power generation facility utilisation factor of Eskom has dropped from 94.2% (2000) to 58.1% (2022)). As a result, there are long-hour load shedding day after day, which has become a political/social issue.

- South Africa heavily depends on coal-fired power generation as a power source (over 84% of all power sources as of 2021). The Integrated Resource Plan (IRP) announced in 2019 sets a goal to reduce coal-fired power generation to 43.0% by 2030.

g. Water

- The country suffers a chronic shortage of water resources (annual amount of precipitation is 495mm (2020), which is 141st in the world). There is a concern that the shortage will further worsen under the influence of climate change. Delivery of water and sewage services has worsened (e.g. increased suspension of water supply, water quality degradation) as a result of infrastructure deterioration due to insufficient investment, worsening of the financial structure and HRD of local governments providing water services and other factors. The non-revenue water (NRW) rate was as high as 46.4% as of 2022, which is another political/social issue following power supply.
- The National Water and Sanitation Master Plan (2019) formulated by the Department of Water and Sanitation (DWS) anticipates that water supply will be 17% short of the demand in 2030.
- South Africa has adopted the Free Basic Water Policy to supply free water to the poor (around 6,000 l/month per household). This is desirable from the viewpoint of guaranteeing human rights, but lowers the efficiency of the water service. There is room for improvement in the implementing method of the policy.

h. Public Finance Management (PFM)

- South Africa has a three-layered political structure consisting of the national government, provincial governments, and municipalities. The Constitution provides independency, interdependency, and interrelation of these three layers.
- There are 257 municipalities (8 metropolitan, 44 district, and 205 local municipalities) playing the role of providing administrative services, including water, electricity, waste management, health, and road infrastructure development.
- According to analysis by National Treasury, the fiscal position of municipalities has continued to worsen in the past ten years, and the majority of them are fiscally unstable (number of municipalities in financial difficulties based on the Local Finance Management Act increased from 66 in 2011 to 169 in 2022). As a result, basic administrative services are not provided, exerting a big negative influence on economy and society.

i. Health

- The average life span in the past 10 years peaked at 66 in 2019, and dropped to 61 in 2021 (2023, WB), partially influenced by COVID-19.
- Regarding the causes of death in the past ten years, noncommunicable diseases (NCDs), including ischemic heart disease, apoplexy, and cancer, increased, but infectious diseases continue to be major causes. A high ratio of traffic accidents and interpersonal violence (including self-injury) is also characteristic.
- About 20 percent of the population use private medical services, while 80% use public services. Private services are available only for some high-income groups, and provide higher quality services and options compared to public services, which produces a big disparity in the country. As a result, poorer people cannot receive health care services of good quality, and WHO's coverage index of health services essential for the achievement of UHC is as low as 71 (2021). The country aims to correct the disparity by introducing the National Health Insurance (NHI)

- The Government of South Africa introduced a bill for the introduction of NHI in 2019. The Bill was passed by the National Assembly in June 2023 and by the NCOP in December of the same year.

j. Disabilities and development (social security)

- According to the 2022 Census, 6.0% of the population aged 5 and older have some kind of disability. Of the people with disabilities, 23.1% of those aged 25 and older are without elementary school education (2016).
- In South Africa, while there are documents providing a policy framework including the White Paper on Rights of Persons with Disabilities, laws specialised in support for persons with disabilities are not enforced, and the budget for this field is limited. Consequently, access to services to support persons with disabilities is difficult, especially in rural areas. Furthermore, due to a lack of knowledge and understanding of disabilities, there is a high risk of abuse of disabled children, abdication of responsibility of their protection and their exclusion from communities.
- There are also many challenges in the employment of persons with disabilities. Even when they are employed, they often receive low wages and poor working conditions. Their unemployment rate is also high, and their employment rate has not improved much in the past 15 years.

k. Agriculture

- Facing the high unemployment rate, it is imperative for South Africa to develop the entire agricultural sector to create new jobs.
- Black farmers who account for 90% of workers in the agricultural sector, are subsistence farmers belonging to poor classes. They face challenges in terms of market information, production knowhow, lack of knowledge/experience concerning management methods, market access and so on. It is also necessary to strengthen the capabilities of staff from the Department of Agriculture, Land Reform and Rural Development (DALRRD) and provincial departments of agriculture for the formulation and implementation of effective development programmes.
- Agriculture's ratio against GDP increased from 2.04% of 2011 to 2.47% in 2021. However, smallholder farmers, who account for 99% of all farmers, produce only 12% of the entire production (2017).
- The NDP Vision upholds the creation of one million jobs in agriculture by 2030 (currently there are approximately 300,000 workers). One of its priority issues is the strengthening of support for smallholder farmers through commercialisation and productivity improvement of agriculture.
- The Master Plan for Agriculture Reconstruction was formulated in 2020, and sets as a goal the promotion of market-oriented and comprehensive production for the development of the rural economy, food security and employment of participants in the value chain of agricultural products.

(3) South Africa as a base of wide-area development

a. AUDA-NEPAD

- NEPAD is the predecessor of AUDA-NEPAD. It was established as an initiative for African development by Africa (New African Initiative) in 2001. It was organised as the NEPAD Planning and Coordinating Agency under AU in 2010, and developed into AUDA-NEPAD as the first development agency of AU in 2018. Later in 2023, its organisation was reformed and reorganised from a department system based on a project implementation cycle (plan, implement, and assess) to a sector system (agriculture, education, and infrastructure/industry).
- The mandate of AUDA-NEPAD includes specialised advice for AU member countries and regional organisations, fundraising and collaboration/coordination with development partners in order to realise Agenda 2063 (and its flagship projects) formulated by AU in 2015.

- Recent organisational challenges include the following: program development for Energize Africa (announced in September 2022), a flagship initiative advanced by the new CEO Bekele-Thomas; implementation of the MoU ¹² signed with the AfCFTA Secretariat in 2022; organisational management with decreased contributions from member countries; and the need to enhance the organisation’s project management and coordination capabilities.

b. DBSA

- DBSA is a development bank 100% owned by the Government of South Africa (competent authority is National Treasury) to support the development of not only South Africa but also SADC and Sub-Saharan Africa. Established in 1983, it was reorganised into the current organisation based on the DBSA Act in 1997 after the democratisation.
- The mandate of DBSA is to promote comprehensive and sustainable economic development/growth and development of human resource and institutional capabilities, and to support development projects and programmes. Its priority sectors include road traffic, energy, water/sanitation, ICT, and support for municipalities.
- Recently, DBSA is advancing a reform from conventional development finance institutions (DFIs) of simple financial support to more comprehensive DFIs, that is: active involvement in the total lifecycle from project planning to financing, construction and maintenance, while emphasising collaboration with the private sector (or private enterprises) and international partners.

c. SADC

- SADC is a community of 16 member countries established in 1992. Its focus is on economic integration of Southern Africa (with its Secretariat in Botswana). South Africa accounts for little under 50% of SADC’s GDP (2022).
- SADC has formulated the SADC Vision 2050 as its long-term plan and SADC Regional Indicative Strategic Development Plan (RISDP) 2020-2030 (approved in August 2020), a ten-year plan up to 2030 as its medium-term plan. Its three priority areas are: (1) industrial development and market integration; (2) infrastructure development in support of regional integration; and (3) social and human capital development.
- Challenges for SADC and the Region include the following: uneven exports within the Region, a high unemployment rate (industrial structure), decarbonisation and energy shortage, import-dependent agricultural production, disparities within the Region (human development index) and domestic disparities (Gini coefficient).¹³

d. Corridor development (OSBP)

- Intraregional trade on the African Continent is not as active as in other regions. With the coming into effect of AfCFTA in May 2019, regional integration is expected to progress. In this context, the AU and AUDA-NEPAD place priority on the promotion of One Stop Border Post (OSBP) development as a means for the promotion of corridor development in Africa.
- South Africa’s neighbouring countries depend on the country for a large part of their trade. The North-South Corridor from Durban through Zimbabwe and Botswana to Zambia and the Congo is the main artery of physical distribution in Southern Africa. The ratio of South Africa in the imports of neighbouring countries is: 57.9% for Botswana, 52.1% for Zimbabwe, and 32.3%

¹² AUDA-NEPAD and the AfCFTA Secretariat signed an MoU in 2022. AU organisations including AUC are promoting collaboration among themselves.

¹³ As mentioned above, in “The World Factbook” of CIA (US), Gini coefficient of South Africa is the worst in the world (wide disparity), and many SADC countries are in the worst 10: Namibia (2nd), Zambia (3rd), Eswatini (5th), Mozambique (7th), Botswana (9th) and Angola (10th). The Gini coefficient is high overall in the region.

Gini Index coefficient - distribution of family income (cia.gov)

for Zambia.

- However, Beitbridge on the border between South Africa and Zimbabwe is not yet covered by OSBP and poses a bottleneck in physical distribution. The Government of South Africa launched the Border Management Authority (BMA) as an organ to perform affairs related to border control in an integrated way in 2022. The Policy Paper pertaining to OSBP has been approved by the Cabinet (February 2023), but related domestic laws are still being prepared by the Government, and it is uncertain whether they will be approved.

e. SAPP

- The Southern African Region faces big challenges in the electricity sector: South Africa is in power crisis, and the electrification rate is lower than 20% in Malawi and the Congo (2020). When the speedy elimination of power supply-demand gap and fair energy transition are desired, the best energy mix in the region beyond individual countries is considered to be the most economically reasonable approach.
- In order to promote smooth intraregional power interchange, the Southern African Power Pool (SAPP) was launched in 1995 (with its Secretariat in Harare, Zimbabwe). In spite of technical, institutional, and funding challenges, SAPP takes a leading role in the power pool of the whole of Africa in terms of power market development, trade volume, etc.
- It has 12 member countries (among them, Malawi, Tanzania, and Angola are not yet connected) and 19 member organisations (12 state-run power companies and seven independent power companies and transmission companies). Electrical power plant capacity within the Region is 69GW (2022).
- SAPP plans SAPP connection of the three unconnected countries in the short term, and integrated development of the western, central, and eastern connection networks within the SAPP area and connection with the Inga hydropower development (the Congo) in the long term. In addition, AUDA-NEPAD is formulating a master plan to connect five African power pools (CAPP, COMELEC, EAPP, SAPP and WAPP).

f. Mainstreaming disaster risk reduction within the region

- In South Africa, with the increase in extreme weather phenomena caused by climate change, there are concerns of a negative impact of forest fires, floods, sea level rise, drought and other natural disasters on society and the economy.
- In April 2022, record-breaking heavy rain caused widespread flooding and sediment outflow in KwaZulu-Natal, where the Port of Durban is located. The port is an important hub of the North-South Corridor. Victims, including missing people, exceeded 500. The disaster also caused great damage to infrastructure, including the Port of Durban, roads around the Port, power transmission/distribution and water and sewage, heavily affecting Japanese companies operating there. Damage to the Port of Durban has a big negative effect not only on the South African economy, but also on the economies of inland countries that are connected by the North-South corridor (Zambia, Zimbabwe, and Botswana). Such natural disasters are anticipated also in the future.
- In the “National Climate Change Response Policy,” the Department of Forestry, Fisheries and the Environment (DFFE) defines priority initiatives including the following: enhancement of early-warning systems by municipalities in regions especially vulnerable to climate change; and disaster management education for residents.

3. Status of cooperation with South Africa

(1) Current cooperation policy of JICA

Based on the basic policy of the current Country Assistance Policy, “Acceleration of growth and uplifting of the living standards of the poor,” JICA is providing support for the development of industrial human resources, improvement of economic infrastructure, promotion of participation of the socially vulnerable in the economy and society and other activities, with a focus on three priority areas: (1) support for human capacity enhancement and promotion of infrastructure development toward the acceleration of growth; (2) support for the correction of economic/social disparities; and (3) the promotion of the development of the Southern African Region.

- As South Africa falls under “higher middle-income countries” of the DAC classification, the current activities consist mostly of technical cooperation. Consequently, the scale of the cooperation is limited: JICA accounts for approximately 1% of the total expenditure of the major donors for economic cooperation with South Africa (1,000 million US dollars/year).
- The characteristics of South Africa include a strong private sector, the presence of many Japanese companies (e.g. automobile industry, trading company), and economic, social, political and diplomatic leadership in the region. On the other hand, the major negative legacy of apartheid remains in basic education, including maths education. Without improvement in this area, even maintaining the current national strength is likely to be difficult.
- In order to contribute to addressing challenges common in Africa and the Southern African Region, JICA is strengthening cooperation with AUDA-NEPAD, SADC, DBSA, and other initiatives.

(2) JICA’s past ODA for South Africa

Development needs are strong, but JICA’s current activities are limited to technical cooperation. For the future, it is important to consider more comprehensive involvement, including grant aid, in view of development needs.

a. Number of past projects

- The amount of technical cooperation (including training projects, SATREPS and grassroots technical cooperation) has been declining from the peak in 2016 (see the figure below). Six SATREPS projects have been adopted in the country: this is the largest number in Africa alongside Kenya (2009-2022). There were no technical cooperation projects for a long period before 2014, but six projects have been adopted since 2015.

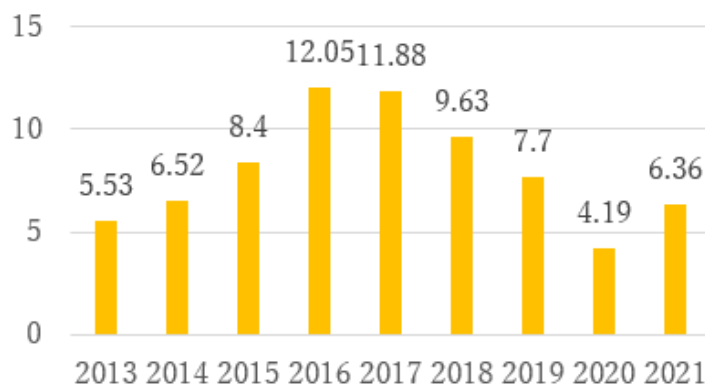


Figure 3 Past Technical Cooperation Projects in South Africa (100 million yen)

- Grant aid or loan assistance has been approved since 2010 and 1998, respectively.

- Since the start of the dispatch of Japan Overseas Cooperation Volunteers (JOCVs) in 2002, 149 volunteers (including 15 female volunteers) have been sent to the country as of the end July 2023.
- As of the end of March 2022, 2,078 participants (including 130 trainees of the ABE Initiative: Batch 1 to 8) have been sent to Japan.

b. Past broad-area cooperation projects in South Africa

- In a technical cooperation project “Project for the Promotion of Empowerment of Persons with Disabilities and Disability Mainstreaming,” JICA experts “Disability Mainstreaming Advisers” and implementing organisations of the partner country implemented training, etc. in neighbouring countries to ensure cooperation.
- JICA experts “Smallholder Horticulture Empowerment and Promotion (SHEP) Advisor” promoted Smallholder Horticulture Empowerment and Promotion (SHEP) in South Africa and supported the introduction and spread of SHEP in Lesotho and Eswatini. In addition, South Africa has been hosting international SHEP workshops every year since 2016 for mutual utilisation of knowledge through shared activities of African countries.

c. Past broad-area cooperation for South Africa based in other countries

- Support for startup ecosystems to create innovative business models/technologies (Project NINJA) was implemented in 19 countries, including South Africa (2020-2021).
- JICA, jointly with Zambia, Zimbabwe, and Botswana has been implementing the Project for Capacity Development for Smooth Operation of the OSBP on the North-South Transport Corridor. In South Africa, Beitbridge, located on the corridor and on the border with Zimbabwe, is covered by the project.
- A technical cooperation project, “Project for Strengthening Regional Power System of Southern African Power Pool (SAPP) cooperation for promotion of Southern African Power Pool” is scheduled for launching in Zimbabwe, where the SAPP base is located, in fiscal 2024. It is planned to create opportunities including an invitation for South Africa and other member countries to visit Japan.

d. Past collaboration with broad-area organisations

- DBSA
 - 2010: a business cooperation agreement (MoU) was signed between DBSA and JICA
 - 2010 to 2015: An expert “TICAD Advisor” was dispatched.
 - 2015 to 2018: A successor expert “TICAD Advisor” was dispatched.
 - 2021 to 2023: An Expert “NRW Advisor” was dispatched.
 - 2024 to 2026: Dispatch of expert “Advisor for Green Finance Promotion is scheduled.
 - Collaboration in various forms, including task-specific training, invitation to Japan and taking the podium of TICAD.
- SADC
 - Dispatch of an expert “SADC Secretariat Advisor” (from 2011 to 2014)
- AUDA-NEPAD
 - MOU was signed between NEPAD and JICA in 2014, and revised in 2017 and 2021.¹⁴
 - Since 2015, three “Infrastructure Advisors (Project Formulation Advisors)” were dispatched in total.
 - Since 2017, six “IFNA Advisors (Project Formulation Advisors)” in total were dispatched.
 - Since 2017, two “Kaizen Advisors (Project Formulation Advisors)” were dispatched in total.

¹⁴ Since 2017, agreement is signed as Memorandum of Cooperation (MOC).

- Since 2019, two “CEO Senior Advisors (Project Formulation Advisors)” were dispatched in total.
- As of 2023, five experts (Project Formulation Advisors) have been dispatched with a focus on the five priority areas: (1) Regional Integration (The Program for Infrastructure Development in Africa (PIDA) focusing on corridor development and trade facilitation) and support for the operation of AfCFTA; (2) Africa Kaizen Initiative (AKI) ; (3) Initiative for Food and Nutrition Security in Africa (IFNA); (4) Home Grown Solutions (HGS) Accelerator Program; and (5) Research-Policy Bridge Tank.

(3) Overview of cooperation for South Africa by other development partners

a. Bilateral cooperation

Table 4 Past Economic Cooperation with South Africa by Major Development Partners¹⁵
(total expenditure basis, in million US dollars)

Calendar year	First	Second	Third	Fourth	Fifth	Japan	Total
2015	Germany 421.95	US 336.77	France 202.25	UK 30.37	Switzerland 15.30	10.26	1,073.95
2016	US 491.27	Germany 398.01	France 117.36	Belgium 19.20	UK 16.60	11.05	1,097.43
2017	US 597.65	Germany 134.58	France 65.43	UK 24.68	Switzerland 14.70	11.94	893.14
2018	US 578.72	Germany 141.70	France 66.80	UK 39.84	Switzerland 15.75	10.00	893.83
2019	US 392.07	Germany 207.30	France 123.05	UK 43.87	Switzerland 11.40	10.89	831.28

* Ranking in average of 2020 to 2021: the United States ranks first (716) followed by France (175), Germany (137), United Kingdom (102), and Switzerland (16).

[United States]

The country is the long-time top development partner and its activities cover a wide range. Priority subjects of USAID are the following: empowerment of SMEs, job creation, enhancement of learning/occupational skills, basic education, fight against BV and promotion of care, prevention and treatment of HIV & AIDS.

[Germany]

Three priority matters of the country’s cooperation in the development of South Africa are: governance and administration, energy and climate, and HIV & AIDS. In addition, the country focuses on educational programmes, including skills development, youth development, and the prevention of violence/crime.

[France]

Traditionally, the country’s central issues include improvement in the living standards of the poor and socially/economically vulnerable groups. In addition, since the 2010s, it focuses on infrastructure development, and promotion of energy/climate change measures.

[United Kingdom¹⁶]

The country holds up four priority issues: growth and job creation; efforts against HIV and reduction of deaths of mothers and children; promotion of comprehensive and low carbon growth; and prevention of violence against women.

[China]

China is not included in the OECD/DAC statistics above, but its presence in South Africa is

¹⁵ Source: OECD/DAC.

¹⁶UK is the former colonising country and was a big development partner following the United States around 2000. However, Germany, which has a strong trade relationship with South Africa, and France, which is actively supporting medium to high income countries, have been increasing their amounts of support. Netherlands, which is also a former colonising country, is thought not to be ranked high because its total ODA amount is small and its focus is on support for LDC.

significant. The China Development Bank leads loans to Transnet, Eskom, etc. and the conclusion of cooperation agreements. As of 2021, the China Development Bank is the biggest single lender in Transnet's debt balance, which shows its heavy involvement in state-run companies in South Africa's infrastructure sector.

b. International organisations and multilateral cooperation

Table 5 Past Economic Cooperation with South Africa by International Organisations or through Multilateral Cooperation¹⁷
(Total expenditure basis, in million US dollars)

Calendar year	First	Second	Third	Fourth	Fifth	Other	Total
2015	EU Institutions 266.39	GFATM 99.37	CIF 72.54	UNHCR 12.32	GEF 8.57	10.88	470.07
2016	EU Institutions 107.84	GFATM 68.15	UNHCR 12.22	GEF 10.75	CIF 6.93	9.46	215.34
2017	EU Institutions 132.66	GFATM 81.19	UNHCR 15.42	GEF 5.44	WHO 1.92	7.57	244.19
2018	EU Institutions 132.66	GFATM 115.10	GEF 6.27	WHO 1.82	AfDB 1.48	4.79	262.12
2019	EU Institutions 151.42	GFATM 83.17	Adaptation Fund 2.43	UNAIDS 2.23	GEF 2.06	9.67	250.97

[EU]

Focuses on job creation, education, and HRD.

[GFATM]

South Africa is both an aid-receiving and funding nation of GFATM.

[Multilateral cooperation in the energy sector (France, Germany, UK, US, and EU)]

COP26 announced funding of 8.5 billion US dollars for the Just Energy Transition (JET) programme of South Africa.

[NDB]

Though not included in the OECD/DAC statistics above, NDB provides more loans than AfDB and WB do in South Africa. In 2017, the bank officially established its Africa Regional Center (ARC) in Johannesburg. In line with the NDP Vision, NDB focuses on sustainable infrastructure support in the country.

¹⁷ Source: OECD/DAC.

4. Major development challenges and sectors for JICA to tackle

(1) Significance of cooperation by Japan and JICA

- It is necessary to continue the activities to enhance overall education quality from basic education to the development of industrial human resources and highly-skilled personnel. It is of great significance to support the comprehensive enhancement of the human resource base based on the past cooperation assets of JICA.
- Being a semi-developed country, South Africa has the potential to become a base for the development of Southern Africa and then Sub-Saharan Africa: JICA can contribute to coordinated development support for the African region through cooperation with South Africa. In addition, we can pioneer advanced development in the Sub-Saharan Africa in the areas of renewable energy and support for persons with disabilities, for example.
- By continuing JICA's cooperation in South Africa, where many Japanese companies, including automobile and trading companies are active, we can vitalize their activities, and at the same time contribute to the promotion of FDI and other investments by strengthening the competitiveness of SMEs.

(2) Major development challenges for JICA to tackle and the direction of its cooperation

Based on the “Country Assistance Policy for the Development of South Africa,” the NDP Vision 2030 of South Africa, the three pillars of TICAD (economy, society, and peace and stability), and individual initiatives, JICA will cooperate in the three priority areas: (1) support for HRD toward the acceleration of growth; (2) strengthening of economic/social foundation, and; (3) promotion for development of the Sun-Saharan Africa.

[Past activities]

Basic policy: Acceleration of growth and uplifting of the living standards of the poor	
Priority area	Cooperation program
Support for human capacity enhancement and promotion of infrastructure development toward the acceleration of growth	Development of industrial human resources (kaizen, vocational training, and basic education)
	Development of highly skilled personnel through mutual cooperation (Japanology, science, and technology)
	Support for the development of public/economic infrastructure (energy, water, and public financial management)
Support for the correction of economic/social disparities	Correction of economic/social disparities (disabilities, agriculture)
	Capacity development in the health sector (health)
Promotion of the development of the Southern African Region	Support for solutions to common challenges of the region (Corridor development, SAPP, AUDA-NEPAD, DBSA)

[Future]

Basic policy: Acceleration of growth and uplifting of the living standards of the poor			
Priority area	Cooperation program	Corresponding JGA	Corresponding JGA cluster
HRD toward the acceleration of growth	Development of industrial human resources (kaizen, vocational training, startup and basic education)	4. Private sector development 8. Education 15. Digital for development	<ul style="list-style-type: none"> ▪ Africa Kaizen Initiative ▪ Support for creation of startup ecosystems for innovation creation (NINJA) ▪ Education improvement that leaves no one behind

	Development of professional human resources (Japanese studies, science and technology and climate change measures)	8. Education 16. Climate change	<ul style="list-style-type: none"> Reinforcement of core universities Co-benefit-based climate change measures
Strengthening of economic and social foundation	Strengthening of public/economic infrastructure (energy, water, PFM and health)	3. Energy and Mining 6. Health 13. Public finance and financial System 16. Climate change 19. Sustainable water resources management and water supply	<ul style="list-style-type: none"> Improvement of access to electric power Energy transition Strengthening of the medical security system Strengthening of the national financial basis Co-benefit-based climate change measures Support for the growth of water supply corporations Practical and integrated water resource management to solve water problems of the region
	Reduction of social disparities (disabilities and agriculture)	5. Agriculture and rural development 9. Social security/disability and development	<ul style="list-style-type: none"> Smallholder Horticulture Empowerment and Promotion (SHEP)
Promotion of the development of the Sub-Saharan Africa	Promotion of regional development (Corridor development, SAPP and mainstreaming Disaster Risk Reduction within the region)	2. Transportation 3. Energy and Mining 20. Disaster Risk Reduction through Pre-disaster Investment	<ul style="list-style-type: none"> Construction of global networks Improvement of access to electric power Pre-disaster investment
	Collaboration with regional organizations (AUDA-NEPAD, DBSA)		

- Regarding individual cooperation programmes, JICA proposes classification with defined major challenges for JICA to tackle in South Africa. Specifically, JICA aims to tackle development challenges unique to South Africa by promoting HRD, strengthening public/economic foundation, reduction of social disparities, and promotion of cooperation in the region.
- For the promotion of the development of Sub-Saharan Africa, JICA will use two approaches effectively by dividing the programme into wide-area development focusing on the strengthening of the connection of the Southern African Region where South Africa is located (promotion of regional development), and coordination with broad-area organisations, aiming at cooperation with related organisations promoting the development of Africa as a whole.
- In past cooperation programmes, the scope of Priority Area 1, “support for human capacity enhancement and promotion of infrastructure development toward acceleration of growth,” was too wide and input to the area was biased. To address this issue, we propose the setting of more balanced priority areas in terms of inputs in the individual areas by forming the

programme from three parts: “HRD,” “strengthening of economic/social foundation,” and “promotion of regional development.”

- JICA will contribute to the effectiveness of the cooperation, gender equality and empowerment of women by adopting a gender point of view as far as possible in cooperation of major development challenges/sectors. In addition, in light of the history of South Africa, we will fully consider racial/ethnic relationships when developing, implementing, and managing projects.

Future priority areas and development challenges (draft) to tackle are as follows.

(1) HRD toward acceleration of growth

Contribute to the development of human resources who will support stable medium- to long-term growth as an emerging economy through consistent cooperation from basic education to higher education and the industry.

<Vocational training and Kaizen>

- In the area of vocational training, in addition to the application and spread of the past cooperation assets and industry-academia collaboration models to other TVET colleges in the country, JICA aims to spread them to other countries in the Southern African Region for the future. (South Africa as a base of broad-area cooperation).
- Regarding Kaizen, JICA will build a training mechanism for the sustainable spread of quality/productivity improvement and Kaizen skills in the manufacturing industry. In addition to the enhancement of the competitiveness of the South African manufacturing industry with a focus on automobile-related manufacturing, JICA aims to build a base for broad-area cooperation in the Southern African Region.
- The promotion of cooperation in this area will contribute to SDG Goal 4, “Ensure inclusive and equitable quality education,” and Goal 8, “Decent work and economic growth.”

<Basic education>

- JICA will strengthen the foundation of industrial HRD through comprehensive activities, including policy recommendations, teacher training, and curriculum revision with a focus on science and mathematics.
- Promotion of the cooperation in this area will contribute to SDG Goal 4, “Ensure inclusive and equitable quality education.”

<Higher education>

- JICA will support the development of professional human resources who contribute to social/economic development. In addition to the promotion of education/research by Japanese and South African universities¹⁸ in science and technology areas and industry-academia collaboration, JICA will build bases of Japanese studies and development of professional human resources in the Southern African Region and then in the entire Sub-Saharan Africa, around Stellenbosch University (SU), where the Japan Centre is set up.
- Promotion of the cooperation in this area will contribute to SDG Goal 4, “Quality education,” Goal 8, “Decent work and economic growth,” and Goal 9, “Industry,

¹⁸ Universities of Japan and South Africa set up “South Africa-Japan University Forum” (SAJU) with the aim of building a framework for academic exchange and collaboration in the field of higher education in 2007. There has been vigorous exchange, including an annual convention.

South Africa-Japan University Forum (SAJU) was decoded, Official website of African Studies center (ac.jp)

6th SOUTH AFRICA-JAPAN UNIVERSITY FORUM (SAJU 6) – Stellenbosch University Japan Centre
(sun.ac.za)

innovation and infrastructure.”

<Startup>

- In order to drive the growth of startups in the Sub-Saharan Africa, JICA will support entrepreneur training and the legislation of laws, including startup laws, for the creation of an environment for ecosystem development in South Africa. Specifically, based on the initial activities of NINJA, we will advance cooperation together with other countries in Southern Africa (Botswana and Zimbabwe) through wide-area technical cooperation for development planning.¹⁹ In the medium-term, we will probe further development and collaboration in the region.
- Promotion of the cooperation in this area will contribute to SDG Goal 8, “Decent work and economic growth,” and Goal 9, “Industry, innovation and infrastructure.”

<Science/technology and climate change measures>

- JICA will implement the Science and Technology Research Partnership for Sustainable Development (SATREPS) and other programmes contributing to a decarbonised society and climate change measures
- Promotion of the cooperation in this area will contribute to SDG Goal 13 “Climate action.”

(2) Strengthening of economic/social foundation

In order to prevent the worsening of power/water supply services, in addition to the development of the economic foundation, including deteriorating infrastructure, JICA will contribute to the improvement of the social foundation toward the improvement of severe disparities and the unemployment rate. In this process, JICA will actively explore and form financial cooperation (overseas investment and loans, and yen loan and grants) in addition to the existing technical cooperation.

<Energy>

- In order to address the challenges of low-/decarbonisation of the energy sector and elimination of the supply-demand gap of electricity, while trying to improve energy-saving policies and SAPP market/operation through technical cooperation with the strength of Japan in this field in mind, JICA aims for dynamic infrastructure development through financial cooperation (e.g. overseas investment and yen loan) with DBSA and National Treasury
- Promotion of cooperation in this area will contribute to SDG Goal 7, “Affordable and clean energy,” and Goal 13, “Climate action.”

<Water>

- Using past cooperation assets, JICA will support South Africa’s efforts in the short-term with a focus on the improvement of the NRW rate of municipal water services. In the long term, JICA will promote the soundness of water services through various activities to improve the management of municipal water services, while at the same time working to expand financial cooperation in collaboration with DBSA and others.
- Promotion of cooperation in this area will contribute to SDG Goal 6, “Clean water and sanitation.”

<PFM>

- JICA will continue technical cooperation in the area of PFM: the counterpart is the

¹⁹ As part of NINJA cluster cooperation in Sub-Saharan countries, while advancing intensive activities in South Africa, which is the core country of startup cooperation in Southern Africa as Tier 1, JICA will advance cooperation in neighboring countries (Botswana and Zimbabwe) as Tier 2 in order to create synergy effects between Tier 1 and Tier 2 countries.

National Treasury, with which JICA has constructed a good relationship. JICA will contribute to the improvement of basic administrative services through cooperation focused on the financial management of local governments whose financial conditions continue to deteriorate.

- Promotion of the cooperation in this area will contribute to SDG Goal 10, “Reduced inequalities.”

<Health>

- Correct disparities related to access to health services through support for the implementation of the NHI.
- Promotion of the cooperation in this area will contribute to SDG Goal 3, “Good health and well-being,” and Goal 10, “Reduced inequalities.”

<Disabilities and development (social security)>

- Support for persons with disabilities is one of the characteristic support areas in South Africa. JICA will continue the cooperation for nationwide deployment of the Respite Care Model.²⁰ In the medium- to long-term, JICA will consider spreading the model as a precedent to other countries through training in third countries
- Promotion of the cooperation in this area will contribute to SDG Goal 3, “Good health and well-being,” and Goal 10, “Reduced inequalities.”

<Agriculture>

- JICA will continue and advance the SHEP Approach to increase the income of smallholder horticulture farmers and future job creation, because expectations of the high level, including the Minister of Agriculture, regarding the approach is high, and it is thought to be effective for the correction of disparities in South Africa. As described above, JICA will promote mutual learning in wider Africa, for example by hosting SHEP international workshops.
- Promotion of the cooperation in this area will contribute to SDG Goal 2, “Zero hunger,” and Goal 8, “Decent work and economic growth.”

(3) Promotion of the development of Sub-Saharan Africa

In the biggest core country in the Southern Africa, we will work for the benefit of Southern Africa and then the entire Sub-Saharan Africa through geographical coordination and coordination with regional organisations.
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<AUDA-NEPAD>

- JICA will continue technical support in the area of Memorandum of Cooperation (MoC) for AUDA-NEPAD, which upholds support for the development of the entire continent while valuing African ownership, which is also the basic idea of TICAD. In future, JICA will ensure broad-area cooperation contributing to the development of the entire continent with a view of collaboration with the AfCFTA Secretariat, another AU organisation.
- Promotion of cooperation in this area will contribute to SDG Goal 17, “Partnership for the goals.”

<DBSA>

- DBSA is a DFI aiming at the development of South Africa and Sub-Saharan Africa through infrastructure improvement, and it shares a mission with JICA. The two organisations have built a good relationship since signing an MOU in 2010. JICA will develop the partnership by identifying areas that promise an impact from collaboration, while sharing strategies, priority areas, etc. Furthermore, in collaboration with the experts

²⁰ Support for primary caregivers to take a break.

in green finance dispatched to DBSA, JICA will explore the possibility of promoting infrastructure improvement through JICA's direct financial cooperation for DBSA toward the generation of synergistic effects.

- Promotion of the cooperation in this area will contribute to SDG Goal 6, "Clean water and sanitation," and Goal 17, "Partnership for the goals."

<Corridor development>

- With the aim of promoting physical distribution through the North-South Corridor, one of the important corridors in the Southern African Region, JICA will provide support with a focus on OSBP development of Beitbridge. In the medium- to long-term, JICA will consider corridor development benefitting the entire region while monitoring the impact of AfCFTA on intraregional trade and the development of Smart Border by South Africa and its neighbouring countries.
- The promotion of the cooperation in this area will contribute to SDG Goal 8, "Decent work and economic growth."

<SAPP>

- Because South Africa has a significant influence on the amount of power demand-supply balance trading within SAPP, and is also leading the region in technical aspects, JICA will promote intraregional collaboration with a focus on Zimbabwe, where the SAPP Secretariat is based.
- Promotion of the cooperation in this area will contribute to SDG Goal 7, "Affordable and clean energy," and Goal 17, "Partnership for the goals."

<Mainstreaming disaster risk reduction within the region>

- The mainstreaming of disaster reduction is important for stable and sustainable economic activities in South Africa and other countries in Southern Africa. For the stable economic growth of the region, it is especially important to reduce the disaster risks of key infrastructure of the Port of Durban, the starting and ending point of the North-South Corridor, which is the main artery of physical distribution of the region, and key infrastructure along the Corridor by design that considers risks before construction/repair. Therefore, JICA will examine the possibility of additional cooperation contributing to the assessment and reduction of disaster risks in various related sectors by mobilising funds in and outside JICA.
- Promotion of cooperation in this area will contribute to SDG Goal 11, "Sustainable cities and communities," and Goal 13, "Climate action."

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