

Country Assistance Policy for the Republic of South Africa

December, 2012

1. Relevance of Assistance¹

South Africa is a relatively developed country, with the largest GDP in Africa of US\$ 408.2 billion and per capita GNI of US\$ 6960 (World Bank statistics 2011) based on its abundant mineral resources and relatively-developed industries. As the only G20 member in Africa, South Africa has recently been increasing its influence on world issues such as United Nations reform, nuclear disarmament and non-proliferation, and climate change. On the other hand, its domestic income disparity has widened and its unemployment rate has remained at an extremely high level while the average economic growth rate between 2000 and 2010 stagnated at below 4 %.

Under such circumstances, the government aims at promoting economic development, expanding job opportunities and improving social welfare for the poor through huge investments in infrastructure, strengthening human capacity development, enhancing basic social services and supporting the socially vulnerable. Japan's assistance to these areas is not only important for the development and social stability of South Africa but also contributes to the improvement of business environment for Japanese companies operating in the country. Furthermore, strengthening bilateral relations through Official Development Assistance (ODA) will contribute to ensuring supply of natural resources such as rare metals.

In addition, South Africa promotes trade among southern African countries and development of regional infrastructure. It is also making efforts to become a donor country by establishing the South Africa Development Partnership Agency. By partnering with South Africa to provide assistance to third countries, Japan can expect to implement effective assistance.

2. Basic Policy of Assistance : Acceleration of growth and uplifting the living standards of the poor

After the start of the Zuma Presidency in May 2009, South Africa announced the development plan entitled "the Medium Term Strategic Framework for 2009 to 2014" based on the ruling party ANC's election manifestos with a view to

¹ South Africa plans to invest a total of about JPY 32 trillion in areas such as water, railways and electricity between 2012 and 2020.

accelerating growth and uplifting the living standards of the poor. Japan will provide assistance to support the implementation of the Medium Term Strategic Framework .

3. Priority Areas

(1) Support to enhance human capacity and to promote infrastructure development

Japan will support the improvement of technical education and vocational training in order to foster human capacity which will support stable growth of the emerging economy in the medium to long-term. In light of the fact that South Africa is a relatively developed country, Japan will expand mutual cooperation in science and technology including on climate change and support human resources development in the relevant areas.

In order to accelerate infrastructure development for sustainable economic growth, mainly in energy, water and railway sectors, Japan will support the formulation of projects and programmes which will take into account implementation by not only the public sector but also by the private sector including Japanese businesses.

(2) Support to the socially vulnerable to participate in the economy and the society

In South Africa, widening economic disparity is resulting in disproportionate provision of basic social services. Japan will promote participation of the socially vulnerable including women in economic and social activities through its support for people with disabilities, improvement of the social security system and human capacity development of those involved in community development.

(3) Promotion of development in the Southern Africa Region

Japan will promote development in the Southern African region by cooperating with South Africa which form the core of the Southern African economy. Specifically, Japan implement activities such as studies on regional infrastructure projects in the Southern Africa region, sharing its experience in Asia and cooperating with South Africa's development financial institutions, etc.

Japan will also work with South Africa to implement trilateral cooperation with respect to assistance to other African countries in the southern African region.

4. Points to be considered

The number of Japanese companies based in South Africa is 110, the largest number in the African continent. The Government of South Africa and its private

sector has a deep interest in and expectation on the introduction of advanced technology by Japanese companies. In this respect, Japan will endeavour to promote public and private partnership including business assistance through ODA in order to promote the activities of Japanese companies in South Africa.

Annex: Rolling Plan