

**Investigation of the Role of USAID in strengthening bilateral relations for South
Africa's Socio-Economic Development**

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Table of Contents

| | Page |
|---|-------------|
| DECLARATION | |
| ACKNOWLEDGEMENT | |
| DEDICATION | |
| ACRONYMS | |
| ABSTRACT | |
| CHAPTER ONE: INTRODUCTION AND BACKGROUND | |
| 1.1 Introduction | 1 |
| 1.2 Background of the study | 1 |
| 1.3 Statement of the problem | 2 |
| 1.4 Aims and objectives of the study | 3 |
| 1.5 Research questions | 3 |
| 1.6 Theoretical framework | 4 |
| 1.7 Contribution of the study to knowledge | 4 |
| 1.8 Significance of the study | 4 |
| 1.9 Definition of terms | 5 |
| 1.10 Organization of the study | 9 |

| | |
|------------------------|-----------|
| 1.11 Conclusion | 10 |
|------------------------|-----------|

CHAPTER TWO: LITERATURE REVIEW

| | |
|---|-----------|
| 2.1 Introduction | 1 |
| 2.2 Literature on the of USAID in strengthening bilateral relations for socio-economic development in South Africa | 11 |
| 2.2.1 Democracy, human rights and governance | 12 |
| 2.2.2 Economic growth, Agriculture, trade and energy | 13 |
| 2.2.3 Environment and climate change | 15 |
| 2.2.4 Education | 15 |
| 2.2.5 Health | 17 |
| 2.3 Literature on the operative strategies of the USAID program in South Africa’s development | 18 |
| 2.1 Negotiations | 18 |
| 2.3.2 Loans | 19 |
| 2.3.3 Trade | 20 |
| 2.3.4 Foreign direct investment | 20 |
| 2.3.5 Foreign development Aid | 21 |
| 2.3.6 Grants | 22 |
| 2.4 Literature on the USAID operative conditions in South Africa | 22 |
| 2.4.1 Democracy | 23 |
| 2.4.2 Respect of human rights | 23 |
| 2.4.3 Respect of international law | 24 |
| 2.5 Literature on the USAID goal and future plans in South Africa | 25 |
| 2.5.1 Health Outcomes for South Africa improved | 25 |
| 2.5.2 South Africa resource advanced in target sectors | 25 |
| 2.5.3 Democratic government and accountability | 26 |

| | |
|---|-----------|
| 2.5.4 Sustainable economic growth | 27 |
| 2.5.5 Literacy and basic education | 28 |
| 2.5.6 Environment and low-emission development | 28 |
| 2.5.7 South Africa impact on Africa development enhanced | 28 |
| 2.5.8 Conclusion | 29 |

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

| | |
|---|-----------|
| 3.1 Introduction | 31 |
| 3.2 Qualitative Research Methodology | 31 |
| 3.3 Research design | 32 |
| 3.4 Data collection and analysis Methods | 33 |
| 3.4.1 Documentation | 33 |
| 3.5 Data Analysis | 33 |
| 3.6 Limitation of the study | 33 |
| 3.7 Ethical Considerations | 34 |
| 3.8 Conclusion | 34 |

CHAPTER 4: DISCUSSION OF RESEARCH FINDINGS

| | |
|---|-----------|
| 4.1 Introductions | 35 |
| 4.2 Findings on the role of USAID in South Africa | 35 |
| 4.3 Findings in the nature of the US-SA bilateral relationship | 36 |
| 4.4 Findings on the courses of socio economic problems in South Africa | 38 |
| 4.5 Conclusion | 40 |

CHAPTER FIVE: RECOMMENDATIONS AND CONCLUSION

| | |
|----------------------------|-----------|
| 5.1 Introduction | 42 |
| 5.2 Recommendations | 42 |
| 5.3 Conclusion | 47 |

DECLARATION

I, Makoka Moshe, hereby declare that the mini-dissertation for the Master's Degree in International Relations at the University of Venda, hereby submitted by me, has not previously been submitted for a degree at this or other university, and that it is my own work in design and in execution and that all reference material contained has been duly acknowledged.

Makoka Moshe:.....Date:.....

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I thank God Almighty, My Family, My Pastor and Friends for Everything. Prof R.R Molapo, thank you for Everything – God blesses you.

DEDICATION

I dedicate this dissertation to God.

ACRONYMS

| | |
|-------|--|
| GDP | Gross Domestic Product |
| USAID | United State Development Aid |
| SADPA | South African Development Partnership |
| ANC | African National Congress |
| WB | World Bank |
| BNC | Bilateral Commission |
| IMF | International; Monetary Fund |
| USA | United State of America |
| MDG | Millennium Development Goal |
| NCCP | National Climate Response Policy |
| SCP | School Capacity and Innovation Programme |
| HIV | Acquired Immunodeficiency Syndrome |
| USTR | United States Trade Representative |
| SACU | Southern African Customs Union |
| FDI | Foreign Direct Investment |
| UN | United Nations |
| ICC | International Court of Justice |
| AU | African Union |
| GHI | Global Health Institute |
| NDP | National Development Plan |

ABSTRACT

Development Aid has often been used as a tool and written about where in by developed states dominated African countries during the colonial rule to maximize their countries economy by means of exporting raw materials from Africa to Europe meanwhile the majority of Africans living in poverty. However, the role of USAID towards South Africa's development has attracted little study so far. Into today's politics country states interact in a political arena to formulate bilateral relations. Since the adoption of independent in 1994 South Africa is still facing challenges of socio economic development such as lack of health care facilities, poor education, and high rate of unemployment, lack of infrastructures and lack of good governance. This work investigates the role of the USAID towards the development of South African government. Issue to be examined is the bilateral relations of US-SA for SA socio economic development.

Keywords: Bilateral Relations, Socio-economic development, Poverty, Foreign aid.

1.1 Introduction

In the 1950s economic growth was the primary policy driver in developing countries. Modernization theory reinforced the belief that modernization and associated growth would reduce dualism and its socio-economic inequalities. Poverty has dominated African states since colonial era up to apartheid rule and its legacy continues impacting the lives of African people negatively at large. African economies are ranked to be low amongst the world and many African people migrate to European countries seeking better life and conditions for living. Foreign aid in 1950s was to provide the capital to enable developing countries to achieve the high savings and investment necessary to stimulate growth and development. In the process seeking foreign aid after independency many African countries were forced to formulate bilateral relations with developed countries. Developed countries used desperation of aid to African development as an opportunity to gain their interest and many developing and underdeveloped states suffered heavily loss of their resources and minerals in exchange of foreign aid. Pre-democratic elections brought a significant change to US in uplifting the sanction under US president Reagan in 1986 to assist South Africa to push towards negotiations settlements in South Africa. The post democratic era has brought challenges for the led African National Congress (ANC) government under President Mandela to provide basic services such as water, electricity, health care, education, housing and sanitation to the rural communities. Reconstruction and development policy (RDP) was sought to bring socio economic development needed for the transformation of society in South Africa.

1.2 Background of the study

South African democratic governance is built in the foundations of armed struggle and negotiations settlement. Since the adoption of the new democratic government in South Africa in 1994 the leadership of African National Congress (ANC) was faced with the key challenges to provide basic service such as water, health, education, telecommunication, transportation facilities, housing, food and employment. Susan et al (1997) indicate that South Africa is the world's second most unequal nation, with half the

population living in poverty on just 11 per cent of national income¹. In order to bring socio development changes the government of South Africa increases the effort of bilateral relations with the United States of America (USA) and other partnerships with the international financial institutions such as the International Monetary Fund (IMF) and the World Bank (WB) in order to address socio economic challenges as results of apartheid regime. The United States of America (USA) is one of South African's key trading partners in the world today. The relations were illustrated by the United States (US) – Republic of South Africa (RSA) bilateral commission (BNC), which was established in 1995 under the joint chairmanships of Thabo Mbeki, as Deputy President, and the US President, Bill Clinton, and vice president Al Gore. Therefore, it is hoped that as a leading developed state the US with assist South Africa to shift its governmental policies to address the challenges of socio economic development South Africa is facing today. The objective of government in this relation was sought to eradicating poverty within the different communities especially in rural communities.

1.3 Statement of the problem

The majority of black people in South Africa are facing lack of access to the fundamental services such as housing, health care, education, telecommunication, transportations and other needed facilities. Corruption, maladministration, nepotism and poor governance increase the rate of poverty in especially in rural communities. Poor performance of governmental official has led to poor service delivery in large communities in South Africa since adoption of the democratic government. South Africa led government is only focused on the urban development than in the rural areas, where in there is high rate of popularity and extremely domination of poverty and it does not strengthen the control of the local individual's development process, but undermines the principles of majority rule of democracy in South Africa. Michael et al (2001,840) indicated that South Africa's governing elites, especially high-level leaders of the ruling African National Congress (ANC), fought for decades against a strong and bitter foe to gain their right to vote and

¹ Susan et al. Democratizing Local Government: The South African Experience, Cape Town, University of Cape Town Press, 1997, 160.

exercise basic human right². In this 21st century a trend of development shift put a focus within governments that development process cannot be achieved by a country unless there is a model of inter dependency among governments. The bilateral relation between United State of America and South Africa under the United States Development Assistance (USAID) hoped to assist South African economy to participate in global economic order and investments to the international economic markets. Therefore, assistance of US aid perhaps it will open an eye of government to shift its policies by strengthen the local economic development of the poor people rather than to promote a relatively narrow range of market-based initiatives that only benefits the international and local minority individual people holding power in political organizations and top governmental officials.

1.4 Aim and objectives of the study

The aim of the study is to investigate the role of USAID in strengthening bilateral relations for SA socio-economic development. As a result the study will seek to find the operating initiatives of the USAID in strengthening bilateral relations for SA socio-economic development.

1.5 Research Questions

As a result of the above, I was able to formulate the following research questions;

- (a) What is the role of USAID in strengthening bilateral relations in South Africa
- (b) What are the courses of socio-economic problems in South Africa?
- (c) What are the operating initiatives and conditions of USAID towards SA?
- (d) What are the USAID future plans towards plans for South Africa?

² Michael, J.B, Collin, D.W, Bruce, J.D, Klesner, J.L, and Sisk, TD. Comparative Politics: A Global Introduction, 2001, P.840.

1.6 Theoretical framework

Critical theory will be used in this study. Karen O'Connor and Sabato (1999,17) indicated that elite theory posits that all-important decisions in society are made by few, called the elite, so that government is increasingly alienated to the people and rarely responsive to their wishes. The critical theory will play a significant role to allow the researcher a flexibility investigate and assess the role of USAID in strengthening bilateral relations for SA socio-economic development and to explore the existing sustainable and integrated model of the foreign development aid and to find its integrated model for the implementation of economic growth and local empowerment within the local government administration in South Africa. Regarding the case foreign aid in South Africa, the influencers of the policies are high ranked governmental and political leaders, and the major dominant people are business leaders that influence governmental policies thought-out the personal and neo-liberal ideological preferences in policy decisions.

1.7 Contribution of the study to knowledge

The study hopes be able to provide information through its findings to the governmental officials, independent institutions, individual and the communities as to understand the South African government policy strategies and able to predict outcome of their development and planned feedback.

1.8 Significance of the study

The study will build database on bilateral relations between US and SA regarding socio-economic development problems in South Africa. The study will also look at practical methods of encouragements on how social economic development can be achieved in South Africa.

1.9 Definition of terms

In this study the following concepts and their definitions will be employed:

Bilateral aid

Assistance provided directly by developed government through their own aid agencies, for example DFID, USAID, and NORAD. (This account for 70 per cent of aid money funded by taxes)

Appropriation

It refers to a legislative authorization to make expenditure and incur obligation for specific governmental purposes, usually limited at a time when it may be expanded. It is a formal; approval to draw funds from the state treasury for a specific purpose.

Bilateral Commission

Is a commission that is set by two different types of governments in order to settle a dispute of common interests between the two major terms for the development of certain or both governments, for example, the United States of America (USA) and the Republic of South Africa (RSA) Bilateral Commission.

Multilateral aid

Aid delivered through international institutions, for example world bank, European commission, UN and African Development Bank. (About 30 per cent of aid to Africa in channeled through the international institutions)

Decentralization

Is a concept that refers to a process of transferring responsibility, authority, control, and accountability for specific or broad management functions to lower levels within an organization, system or program.

Economic Growth

It refers to a systematic growth that occurs when increase amounts of goods and services are produced over long-term; generally measured as growth domestic products (GDP) or GDP per capita and compared on a quarterly and annual basis within the state.

Expenditure

It refers to any payment, distribution, purchase, loan, advance, deposit, gift of money or anything of value, or any transfer of funds between political committees made to support or oppose candidate or proposition.

Foreign Development Aid

Is a form of economic assistance directed to the developing states by the developed states, from country to country, based on the forms of conditions and set of economic forces that are initiated though the form of direct foreign investments in a global world economy.

Governance

Is a concept that refers to an exercise of the political, social and economic matters within the state and that involve other non-governmental organizations for the development process of the state.

Intergovernmental Relations

It refers to the relations in between the governmental structures (national, provincial and local spheres) that are tasked to function in coordination and cooperative efforts in order to achieve the development process within the state.

Poverty

Is a concept that refers to a state of underdevelopment and wide range of circumstances associated with need, hardship and lack of resources, and it continues to be a certain level of material deprivation below which individuals suffers physically, emotionally and socially.

Pluralism

Is a belief that there are, or ought to be, many things. It offers a defense of multiplicity in belief, institutions and societies, and opposes 'monism' the belief that there is or ought to be, only one thing (Dunleavy et al, p13).

Public Administration

Is decision making, planning the work to be done, formulating objectives and goals, working with the legislature and the citizen organization to gain public support and funds for government programs, establishing organization, directing and supervising employees, producing leadership, communicating and receiving communications, determining work methods and procedures, appraising performance, exercising controls, and other action part of government, the means by which the purpose and goals of government are raised (Coetzee, 20).

Macro-Economic Policy

It refers to the field of economics that studies the behavior of the aggregate economy. Macroeconomics examines economy wide phenomena such as changes in unemployment, national income, rate of growth, growth domestic product, inflation and price levels.

Micro Economic Policy

It refers to the branch of economics that analyzes the market of behavior of individual consumes and firms in an attempt to understand the decision making process of firms and households. It is concerned with the interaction between individual buyers and sellers and the factors that influence the choices made by buyers and sellers. In particular, microeconomics focuses on patterns of supply and demand the determination of price and output in individual market (e.g. Coffee industry).

Neo-liberalism

Is an ideology that advocates private ownership achieved through privatization of state-owned enterprises by the government, and government regulation of the economy and less government involved in economic activities such as employment, goods production and rendering of services within the state.

Reconstruction and Development Programme

Is an integrated, coherent socio-economic policy framework and it seek to mobilize all people and country's resources towards the final eradication of apartheid and building of democratic, non-racial and non-sexist future.

Sustainable Development

Is a concept that refers to the development that meets the needs of the present without compromising the ability of the future generation to meet their own needs.

The Growth, Employment and Reconstruction (GEAR)

Refer to an integrated economy strategy aimed at rebuilding and reconstructing the economy, which was adopted by the African National Congress (ANC) in 1996 in South Africa.

1.10 Organization of the study

Chapter 1: Introduction and background – this chapter serves as an introductory part and background study, statement of the problem, aim and objective of the study, research questions, theoretical framework, contribution of the study, definition of terms and organization of the study.

Chapter 2: Literature review - this chapter will review literature which is relevant to foreign aid. The chapter will present the role of the USAID in strengthening US-SA bilateral relations, operative strategies and conditions of the USAID in South Africa.

Chapter 3: Research design and methodology – this chapter will present research design and research methodology to be used when conducting the study. The chapter will present the qualitative research methods.

Chapter 4: Discussions of research findings – this chapter the researcher will present the major findings of the study and conclusions for the research project.

Chapter 5: Recommendations and conclusions – This chapter will also present the recommendations of the study and based on the specific objectives of the study and the recommendations for future studies.

1.11 Conclusion

The chapter covered the introduction of the topic and provided the background to the study theme. It establishes poverty still dominates in African countries and in the case of South Africa foreign aid is necessary to address the challenges of socio economic development. The major problem also translates into the major research question identify is to investigate the role of the USAID in strengthening bilateral relations for South Africa's development, and further seek to find the courses of socio economic problems hindering the development of the country. In the chapter the aim objectives were also established and stated. The chapter also clarifies key terms which are used in the study and managed to justify the study topic by showing its significance and contribution to the body of knowledge in academia and policy formulation. The next chapter focuses on the theoretical framework of the study, by examining what other scholars have written on matters related to ones under discussion.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The literature review examines existing knowledge, identifies key works, and determines how the various papers are related³. The purpose of the literature study was to analyse the main conclusions, supporting evidence, and arguments presented in the literature. A literature review provides the theoretical foundations and methodologies used to measure the impact of foreign aid. This chapter focus reviewed scholarly literature from scholars in the field of foreign aid, bilateral relations, and socio economic development challenges in developing countries. A literature review is defined as the selection of available documents (both published and unpublished) on the topic, which contain information, ideas, data and evidence written from a particular standpoint to fulfill certain aims or express certain views on the nature of the topic and how it is to be investigated, and the effective evaluation of the documents in relation to the research being proposed⁴. It is in this chapter were in the role of the USAID in strengthening bilateral relation in South Africa, the reasons for the courses of socio economic problems will be explored. Furthermore, the operative initiatives strategies and conditions of USAID strategies towards South Africa's socio economic development will be discussed.

2.2 Literature on the role of USAID in strengthening bilateral relations in South Africa

The USAID role in South Africa focuses on the following areas for strengthening bilateral relations in South Africa;

³ Hart, (1998) . Doing a literature review: Releasing the Social Science Research investigation. London: Sage. 30.

⁴ Hart, (1998) . Doing a literature review: Releasing the Social Science Research investigation. London: Sage. 13.

2.2.1 Democracy, human rights and governance

Callaghy (1988) blames the failure of aid in Africa, and the results of poverty and underdevelopment on the nature of relations between the developed and the developing countries⁵. He indicates that this relation is highly foreign policy orientated, with donor countries offering aid mostly to pursue their interest and not for developmental purposes. The constitution of South Africa Act 108 of 1996 provides the bill of rights represent a milestone in the history of human rights in South Africa. More need to be done as the preamble states that the Constitution is adopted so as to “heal the division of the past and establish a society based on democratic values, social justice and fundamental human rights. Decentralization is a national, indispensable counterpart to pluralist⁶. The role of the USAID in South Africa aimed to promote democracy, human rights and government to strengthen bilateral relations between the two countries for economic development and socio economic gain. The efforts of allowing the citizens participation in the decision making process within the development process of the state results in the achievement of the sustainable development and promote the just and honest government within the state, but with regard to the USAID development program in South Africa, the majority of the people are still denied the right to participate in the development process of the program that is directed to their lives.

The government of South Africa National Planning Commission cited that uneven performance of the public service results from the ‘interplay between a complex set of

⁵ Callaghy T, M. (2004) Innovation in the Sovereign debt regime: from the Paris club to enhanced HIPC and beyond, World Bank Operations. Evaluation Department Working paper. Washington: World Bank.

⁶ Reddy, P,S. Ridings in Local Government Management and Development: A Southern Perspective, Cape Town, Juta and Co, LTD. 1996, 8.

factors, including tensions in the political-administrative interface, instability of administrative leadership, skills deficits, erosions of accountability and authority, poor organizational design, inappropriate staff, and low staff morale⁷. Moreover, governance of no longer an exclusive domain, partnership with private and institutions need to be implemented to uphold the rule of law. The bill of rights is a cornerstone of democracy in South Africa and affirms the democratic values of human dignity, equality and freedom. It integrates a full range of civil and political as well economic, social and cultural rights. The US-SA bilateral relation is crucial to institutionalize its democratic foundations and its commitment to good governance, including supporting the strengthening of the systems of checks and balance across all levels of government. It is further important to indicate that the interest of the US government long existed before 1994 and still today the US is a great trading partner with the South African government.

2.2.2 Economic Growth, Agriculture, Trade and Energy

Lancaster (1999) indicates that while aid flows to Africa have increased substantially over the years, this has not translated into economic development⁸. In the case of South Africa today, Poverty is still dominating especially in rural areas, many young people are unemployed. High rate of HIV and AIDS remain to be a threat to the economy of the country. Labour unrest marked in 2012 improved in 2013 significantly affects output in the automotive and agricultural sectors. Unemployment and labour relations continue to pose challenges for the country, Unemployment remains high at 24.1% overall, and 64.8% for young people between the ages of 15 and 24. Broadly, the South African economy remained within the reserve banks (SARB) target inflation range of 3%-6%, estimated at 5.7% in 2013.

⁷ National Development Plan 2030: Our Future, Make It Work, Chapter 14 (p.444-456); “20% of Procurement Budget Lost to Corruption“, Smart Procurement, August 2010.

⁸ Lancaster, C. (2000) Africa in World Affairs, (In Hardeson J.W and Rothchild D. (eds) Africa in World Politics: The Sate System in Flux, Wesview: Boulder, 208.

The South African rand (ZAR) remained under pressure in 2013, sliding 20% in value during the year. National debt increased to 42.5% of gross domestic product (GDP) in 2012/13 up from 36.2% two years earlier. The US is a key trading partner with the South African government. It has further played a significant role to influence South Africa to be a member of various regional and sub-regional groupings including the Common Monetary Area, Southern African Development Community (SADC), and the Africa Union. The USAID assist South African government addressing the socio economic challenges by offering grants, loan and development Aid. Moreover, South Africa is also a member of BRICS (Bricks, Russia, India, China and South Africa), an association of five fast-growing and emerge economics, which accounts for 25% of global GDP and 40% of global population. Despite such indications, most of people are still living in absolute poverty.

Over the discussions of the sustainable development efforts within the state, Patrick et al (1997, 7) indicated that the principles over the adoption of the economic growth and development significance for social progress in South Africa⁹. He further argues that South Africa's plays a leading role in intra-regional trade, with both exports and imports from the SADC region. It accounts for 44 percent of intra-regional exports and 40 percent of intra-regional import, and is the largest exporter of food within the region. However, the supply of electricity has struggled to keep up with the growing demand of 7.5 percent per year. In contrast, South Africa and the entire SADC region are challenged by a growing threat of an electrical energy crisis, which if not averted could constrain economic growth. However, South Africa still facing many social economic challenges such as lack of water, health care, education, sanitation and employment problems.

⁹ Patrick et al. *Managing Sustainable Development in South Africa*, South Africa, Oxford University Press Southern Africa 1997, 7.

2.2.3 Environment and climate change

The government of SA regard climate change as one of the greatest threats to sustainable development and believes that climate change, if unmitigated has the potential to undermine many of the positive advances made in meeting South Africa's own development goals and the millennium development goal (MDG'S)¹⁰. The changes such as an increase in the frequency and severely heat waves, drought and severe rainfalls events are the most common evidence to the challenges of climate change in the country. South Africa is the leading voice of climate change international comparing of developing countries. As highlighted in the national climate change response paper, there is a strong rational for pursuing policies that limit unemployment conditions to those areas of the economy where excessive carbon intensity is considered unsustainable, whilst promoting and expanding the green economy sectors¹¹.

The USAID programme is to assist South Africa to effect implementation on South Africa's adopted policy on a National Climate Response Policy (NCCRP) at the end of 2011. The major objectives of the policy are; to effectively mange the impact of climate change through intervention that build and sustain South Africa's socio, economic and environmental resilience and emergency response capacity and ii, to make affair contribution to the global effort to stabilize greenhouse gas emissions within a timeframe that enable economic, social and environmental development to proceed in a sustainable manner. South Africa contribute 50% of air pollution in Africa, facing major problem of clean water scarcity and predicted to be worse in year 2050.

2.2.4 Education

MacGillivrey et al (2006) argue that the implication of the good governance agenda is that countries with bed policies would receive less aid than would be the case, despite

¹⁰ The Government of the Republic of South Africa. 2011. National Climate Change Response White Paper. 2011. <http://www.info.gov.za/view/downloadfileAction?:d=152834>.

¹¹ ibid

there still begin controversy over where and how development aid works¹². South Africa's underperforming education system can lead to crime, poverty and disenfranchisement among youth, which threatens national stability, development and democracy¹³. The government of South Africa and the United State has a long steady relationship in education matters. The launching of the school capacity and innovation programme (SCP) in 2012 was yet another milestone in the education cooperation between the US government and SA government. Education is central to all sustainable democratic, social and economic advances and also a catalyst of advancing knowledge economies; hence the education sector is an apex priority of the current administration of the government of South Africa. The educational system in South Africa is still facing serious challenges of poor quality standards and lack of infrastructure system, especially in rural communities. The Outcome based Education (OBE) implemented by the government it does not match the standard of the countries development and often found it difficult for the educators to teach the programme.

The USAID aimed to support South Africa through the initiative of the South African Development Partnership Agency (SADPA); support the sharing of South African expertise, best practices, and system to advance development; leverage South Africa's agricultural capabilities and leadership as a strategy partner for food security in Africa¹⁴. Historically, many South Africans were deprived of education quality by the apartheid system. South African outcome-based education system at the level of primary and secondary is not productive either even those schools with adequate resources.

Lack of adequate resources remain to be a serious problem with overcrowding classes especially in rural communities. Constantly, absent of educators due to HIV and AIDS lead to poor performance of learners in public schools. At tertiary education level, there are problems with increasing numbers of students admitted to university that are

¹² McGillivrey et al. (2006), Controversies Over the impact of Aid: It Works; It Doesn't; It can but that Depends. *Journal of International Development*, 18, 1031 – 1250.

¹³ National Planning Commission Diagnostic Overview, 2011.

¹⁴ *ibid*

inadequate prepared for tertiary education indicating deficiencies in secondary education. English as a medium of instruction remain to be a serious problem leading to poor performance in public schools were in there is lack of sufficient skills of teachers to understand the content of outcome-based education. In tertiary level many lectures lack teaching experience and knowledge of learning theories. Meaning they are unable to effectively convey knowledge to the students.

2.2.5 Health

HIV and Aids is a leading course of mobility and mortality in South Africa with an adult HIV and Aids prevalence of 17.9 percent and approximately 5.75 million people living with HIV¹⁵. In spite of the donor countries initiatives to impose governance practices on the recipient countries, there is also little evidence that health aid is more effective in countries conforming to the good governance agenda. Over the coming five years, HIV and Aids will create unprecedented public health and social challenges in South Africa with ramifications for the enter South Africa region¹⁶.The Batho Pele (People First) program across the public sector and the patient rights charter across the health sector showed governments commitment to humane service delivery and the creation of accountability of civil servants to local communities and consumes of government services.

The South Africa's public health care system is experiencing a major crisis due to growing demand on limited resources, primarily due to HIV and Aids and tuberculosis¹⁷. AIDS (Acquired Immunodeficiency Syndrome) occurrence was estimated at 13% in 2001 and projected to grow. Lack of political will and poor governance result to the course of increased problem facing South African government specially to the public health care system were in majority of black people in rural communities depend. South Africa is

¹⁵ The 2010 National Anteratel Sentinal HIV and Syphilis Prevelance Survey in South Africa. 2011. National Department of Health (NDOH)

¹⁶ Navarro P, Bekker L.G, Darkoh. E, Hecht R: Special report on the state of HIV and Aids in South Africa. Global Health, 2010, P.2

¹⁷ USAID/SA Bilateral Country Development Cooperative Strategy-Public Version

classified a middle income country within a GDP per capita of USD 3000 and a population of 47.3 million. Approximately USD 16.7 billion is spent on health care which amounts to 8.7% of GDP. Over some years the USAID programme in South Africa has increased funding of HIV/AIDS interventions has been increasing over the years. Donor funding for HIV/AIDS in South Africa is channeled through bilateral aid to government departments and direct funding to NGO's from international aid agencies. Improving quality health care remains to be a key challenge in South Africa provided in the public health care sector.

The USAID in this regard is to ensure that South Africa health users' needs are met and that quality of care provided is of acceptable standard is critical to the development of a service that provides high quality care, through technical training of health care workers and funding. South Africa has broadened its international engagement considerably within the United Nations (UNICEF, WHO, UNEP etc), European Union, African Union, South African Development Community and through bi-national commission or bi-lateral agreements. Many of these include health related activities and allow South Africa's to participate in opportunities to strengthen international health development strategies and share technical assistance with respect to health sector reform.

2.3 Literature on the USAID operative strategies in South Africa

2.3.1 Negotiations

The main factors determining elements of the outcome of all negotiators of individuals and collective creditors to the aid program within the framework of the development process of the state. The 1995 US and SA bilateral relation mark the significance implementation of the USAID program to a new democratic government of South Africa. It was important for the negotiation to take place between the two states especially to the US in order to protect and promote its interest such as mining economy, companies operations and trade which has existed long before the ANC took in power during the

apartheid regime. Several meetings and states visits were conducted to strengthen the bilateral relations between the US-SA relations. Those involve trade and investments agreements, democracy and peace agreements. Moreover, it is important to indicate that the US benefiting the most than South Africa and there is an increase of economic gap were in the rand continues to become weaker as compared to dollar. Many people in South Africa remain Unemployed especially youth mean while the US companies in South Africa continue gain more interests especially in mining and industrial sectors.

2.3.2 Loans

The IBI international Business intelligence (1988, 6) indicated that the central purpose of the development aid agencies is to promote economic interests and determines progress in developing member country by helping to raise productivity so that the people may live a better and fuller life¹⁸. The ANC lead government when took into office were faced with major developmental changes but with lack of budget to address those challenges such as food, infrastructure development, electricity and employment. It was necessary for the government to seek loans assistance from the US, IMF, and World Bank as form of financing the operation of government and provide social services to the communities. South Africa is currently in a need for a great financial relief to build power station (Medupi Power Station) for electricity and most of finding comes from the international financing institution such as the World Bank (WB).

South Africa investments play a large role in neighboring countries, accounting for between 9-20 percent of GDP in Lesotho, Mauritius, Mozambique, Namibia and Swaziland¹⁹. The South African government relies heavily on international loans to finance the sustainable development within the country such as infrastructure development even though the government faces heavily interest in accumulating such loans from a poverty stricken country.

¹⁸ IBI Intelligence. The Reality of Aid “A Guide to National and International Agencies, p.6.

¹⁹ IMF 2005, IMF working paper 05/ 58/ 2005 “The implication of South African economy growth for the rest of Africa.

2.3.3 Trade

The US is one of the largest trading partners of SA today in the world. Since the 1995 bilateral agreement signed by Thabo Mbeki and Bill Clinton there is still no balance between such relations as the US is the most beneficiary. The South African government often import much as compared to the exportation of economic resources to the US. South Africa is still a developing state and most of population is still living in absolute poverty and unemployment. Furthermore, President Zuma is on record as saying that increased regional economic integration is needed to help create jobs and is a pre-condition for sustainable prosperity in South Africa²⁰. The US-SA formed an initiative of Southern African Customs Union (SACU) aimed for the negotiation of free trade investment (FTA) of the US in South Africa under the US Trade Representative (USTR) Ambassador Robert Zoellick. South Africa has become a safe destination of American tourist which gives a boost to the growth domestic product (GDP) of the country and other regional states in Africa because of the bilateral relations of US-SA.

2.3.4 Foreign direct investment (FDI)

Regarding the case of economic development strategies in South Africa, Susan et al (2002, 9) argues that, what is clear is that GEAR effectively allows the supporters of capitalism to escape accusations of necessarily reproducing ‘racial’ inequalities²¹The operative strategy of foreign direct investment is one of the US foreign policy tool to pursue the US foreign interest in the world including South Africa. This operation requires allowing US companies to operate in country states without paying heavily tax. It further requires that they should be free flow of economy trade and free markets economy that does not pause any limit for the US companies to operate within the

²⁰ The New Growth Path: The Framework, “ Jacob Zuma, June 2009. This framework estimates that increasing exports to other SADC countries can create over 200,000 new jobs.

²¹ Susan et al. Democratizing Local Government: The South African Experience, Cape Town, University of Cape Town, 1997, 9.

particular state. The foreign direct investment policy does not operate in a country where there is no democracy, respect of human rights and international law, and if necessary for the US to pursue its interest to such state major steps are taken to influence change in government, for example, in Libya. Since 1994 the US is the largest foreign direct investor (FDI) in South Africa where US companies continue to increase in South Africa and the scale of importation is higher as compared to South African exportation to the US government.

2.3.5 Foreign development Aid (FDA)

WALFGANG SACHS (1993, 61) indicated that the argument of both left and right in favor of development aid presupposes that this movement has to expand without hindrance²². Government must allow trade economic activities take place to boost local economy that results in favor of development of local people than international states only. The Foreign development Aid (FDA) is a foreign policy of the US operating strategies to pursue US interest in other country states under the form or condition of assisting the particular country with conditions. Foreign development Aid is not for free and such many African development states fall to be victims of being dominated because they cannot provide enough for their people and turn to seek foreign Aid. Annual development assistance to South Africa currently totals some US\$ 60 million and amounts since 1994²³.

The USAID works in partnership with the department of Treasury of South Africa to manage the finance for human development programs aligned to its US foreign policy agenda in South Africa. South Africa needs to follow the approach of inclusive government that allows the citizens to participate in the development of their economy in order to address the socio economic challenges facing.

²² WALFGANG SACHS. The Development Dictionary A Guide to Knowledge as Power, P.61.

²³ <http://www.dfa.gov.za/foreign/bilateral/usa./html#his>

2.3.6 Grants

Peter et al (1991,102-122) discussed the elementary constrains of the South African economy on the development of the living conditions within the different communities in South Africa, but strategy of maximizing the available minimum resources to satisfying the needs of the general people within the state was not considered²⁴. The US foreign policy often uses the Grants as a form to enforce its foreign economic interest in a country state. Most of these Grants come in a form of financing local political organizations, institutions, and individuals. Some other Grants comes in the form of food parcels, resources and information.

Crythone (1993, 495) indicated that South Africa is a comparatively young country, rich in resources but with a diverse population and, argues that without the developed infrastructure of the older western nations, necessarily it cannot be developed²⁵. Poverty remains the main problem especially in the large area of the local governmental municipalities. It is important to indicate that government is no longer an exclusive domain, it should involves other non-governmental organizations in the development process, and promotes the wellbeing of the indigenes economy and people participation that should maximize the available resources and achieve the developmental goal without applying the model of foreign dependency.

2.4 Literature on the USAID operative conditions in South Africa

The impact of donor conditions for aid, such as insisting on utilizing foreign experts and procuring abroad, and argues that this will have a negative impact on aid effectiveness. The greater the degree and intensity of conditionally applied by donors, the more recipients are likely to feel they are not in control, so they will be less committed to ensuring the funds are used as effectively as possible. The following are the operative conditions of the USAID in South Africa;

²⁴ Peter et al. Redistribution “How Can it Work in South Africa, South Africa, David Philip Publishers (PTY) 1991, 102-122.

²⁵ Crythone, Municipal Administration: A Handbook, Cape Town, The Rustia Press, 1993, 495.

2.4.1 Democracy

Since 1994 South Africa continues to uphold the principle of democratic governance through the adoption of constitution of the democratic of South Africa Act 108 of 1996. In that context this have resulted to South Africa been recognized as one of the most powerful state in Africa to represent the African continent in international global state such as the United Nations (UN). For a state to qualify for USAID the principle of democracy must be upholder and practiced by that particular state. Regardless, if a country does not practice the principle of democracy it becomes difficult for such country to receive USAID or even get assisted by the International Monetary Fund (IMF) or World Bank (WB).

The US plays a central role in influencing coordination of international politics today because of its position in the Security Council, its wealth and militarization. The SA's government seeks to uphold good, responsive governance and to promote rule of law. For example, includes fighting corruption, strengthening procurement, addressing public service accountability and focusing on judicial governance and rule of law.

2.4.2 Respect of Human Right

Violation of human rights it is strictly prohibited in the international human rights and can be prosecuted into international court of justice (ICC). African leaders are often prosecuted into the ICC for human violation acts that have been committed in the past including; genocide, corruption, civil wars and child soldier recruitment. Respect of human rights also has to do with the respect of the constitution of the state, for example the Constitution of the Republic of South Africa Act 108 of 1996. This means that leaders are adhered to uphold the rule of law and respect the constitution of the state. Respect of human rights is a significant condition of USAID towards the state that is in need of such development or partnership taking place. Regardless, the South Africa's procurement laws

and regulations are complicated and not well understood or executed by front line service delivery officials, which contribute to ineffective government programs.

It is through the US encouragement towards South Africa adopting international human rights law which substantially influenced the drafting of the bill of rights in the final constitution. International human rights law has an important role to play in developing the development of human rights culture in South Africa. It is applied by range of institutions and actors in South Africa, including the courts, parliament, the South Africa human rights commission and organization of civil society. The USAID is to assist the South African government to realize that without effective policies and laws to implement the human rights commitments in the constitutional and international instruments, these rights will amount to little more than paper promises. A coherent framework of laws and policies are needed to translate broad human rights commitments into detailed and concrete programmes that have a real impact on the lives of millions of people.

2.4.3 Respect of International Law

Developed and under developing states are expected to respect the international. This is one of the most considerable conditions of the USAID. It is meant to avoid unnecessary conflicts among the state and to prevent war. South Africa plays a significant role as a trilateral alliance in regional states and African continent because of its position in the African Union (AU), SADC, and other regional organizations in conflict resolution and democracy. International law is there to protect human rights violations in the world under the supervision of the international court of justice. Just like many countries, African states are facing human rights violations problems which can only be understood and resolved by Africans themselves. The African Union (AU) is seeking to establish it African court after the international court of justice suffer heavily criticism of been biased towards African leaders.

2.5 Literature on the USAID goals and future plans in South Africa

2.5.1 Health Outcomes for South Africa improved

South Africa has the largest HIV and AIDS epidemic in the world within approximately 5.7 million people living with HIV²⁶. The socio economic impact of HIV and AIDS is the main concern of the USAID program as the main threat to the disruptive of economic development of the country as people with low socio economic status are associated with HIV infections. HIV and AIDS create instability to employment and undermines he economic activities of the country. The USAID program aimed to support the initiative of the PF Implementation Plan (PFIP) 2012-2016 and the South African Global Health Initiative (GHI) strategy 2011-2016 in strengthening the government of South Africa technical and managerial capacity to assume responsibility for implementing a strong HIV and AIDS prevention, care, and treatment program and to improve health and social systems.

2.5.2 South Africa resource effectiveness advanced in targeted sectors

The USAID aimed to assist South African government put in place measures to strengthen democratic governance and accountability; promote evidence-based policies and practices that promote employment, increase trade, and engage the private sector for sustainable growth; pilot and test education innovations to improve literacy; and promote policies that lower greenhouse gas emission intensity in South Africa²⁷. In order to achieve this required the total effectiveness of government with judiciary serving as a pillar of accountability.

The USAID aimed to assist South Africa through partner with target private sectors players to enhance technical capacities and stimulate innovations and investments that

²⁶ USAID-Southern Africa Final CDCS

²⁷ *ibid*

catalyze movement towards a more sustainable future. It is important to indicate that the legacy of apartheid continues to constrain the economy and human potential, especially black people. The wealth of the country is still in control of the white people who benefited from the apartheid government with larger control of the economy such as industrial manufacturing, mining and land sectors. With regard to the development process of the state, any form of government, whether central, provincial or local, has as its objective of achievement of the general welfare of the community by satisfying its identified needs through rendering effective services²⁸.

2.5.3 Democratic governance and accountability

Most of the people in South Africa are living in disparate poverty with lack of access to basic services such as water sanitation, electricity, health care facilities, housing and Unemployed. Down twenty years of democracy the ANC led government is failing to bring balance in economic equalities and the legacy of apartheid is still more dominated the most in most targeted industrial manufacturing, mining, and land sectors in control of minority white population. The problem corruption remains to be the threat to the economy in South Africa with lack of effective multi-agency effort which needs improved coordination and cooperation. Democracy implies that all citizens should enjoy equal distribution of services provided by government today. Unequal distribution of services such as water, electricity, housing, sanitation and health care facilities remain to be a dominant problem in South Africa.

Since 1994 African National Congress in leading the government with absence of credible opposition which is making South Africa today a dominant party system were in there in poor governance and corrupt bureaucratic system. Apartheid left a legacy of deep poverty and inequality in the country. Redressing this legacy, and achieving human development and the realization of all human rights remain major challenges for the democratic governance in South Africa. The South Africa's governance challenges can

²⁸ Nazeem et al, Local Government: Continuity and Change, South Africa, International Thomas Publishing (Southern Africa) (PTY) LTD, 1997, 137.

be characterized as rooted in the area of government effectiveness and the ability of government to deliver services at all its citizens. Public service delivery of the state is compounded by poor financial management.

2.5.4 Sustainable economic growth

Gelb (2009) indicate that both poverty and inequality are intractable and deeply rooted issues in South Africa²⁹. South Africa's facing great disparities in income and opportunity as a result of apartheid legacy were in generally South Africa's workforce generally has limited skills and capacity that is required to support a modern market economy. The South African economy needs to grow by 7 to 9 percent annually in order to generate a sufficient number of jobs (estimated at 700,000 jobs annually) to significantly reduce the high unemployment rate³⁰. This indicates that there is a need for the South African government promotes efforts of participatory development in order to free the majority of poor people from the trap of poverty in the different communities in order to achieve the developmental goal within the state.

The US foreign policy has the conditions in place that are set as the standards that the must be met by a country that has to have diplomatic or bilateral ties which include, democracy, respect of human right and respect of the international law. Given the growing importance of sub-Saharan African to the United State, over the next 5 years sought to elevate our focus on and dedicate greater efforts to strengthening democratic institutions and spurring economic growth, trade, and investment, while continuing to pursue other objectives on the continent³¹. It is often more difficult to develop a state relation with the US government if those conditions are not adopted and practiced by the particular state.

²⁹ Gelb (2009)

³⁰ South Africa's Gordham: Current Growth will not Create Jobs," Reuters, November 3, 2010.

³¹ The White House, June 2012. U.S Strategy Towards Sub-Saharan Africa.

2.5.5 Literacy and basic education

The USAID in partner with the South African government launch the School Capacity and Innovation Programme (SCIP) in 2012 that focus on the global education system designed to improve primary grade reading outcomes through teacher effectiveness and strengthen of classroom and school management in all South African Schools³².

2.5.6 Environment and low-emission development

South Africa is the highest in air pollution in Africa and increase demand and climate changes can exacerbate water scarcity in South Africa. Despite the scale of climate position, South African government regard climate change as one of the greatest threats to sustainable development. It is evident that most countries hesitate to implement effective climate change policies to enable pursuing economic policies to facilitate economic interest and employment. In the case of South African development currently the government is facing a serious challenge of supplying electricity within the country and the project of Midupi Power station will generally increase the problem of air pollution and climate change which is currently causing drought in Africa especially in poverty stricken rural communities.

2.5.7 South Africa impact on Africa development enhanced

The USAID aimed to assist the South Africa government to link with its regional states to utilize, promote, and share South African expertise, best practices, models, and systems to help developing countries in regional within the continent. South Africa's international relations are guided by the promotion of wellbeing, advancement, and development of its own citizens in order to better influence the Southern African region and the continent³³. South African government plays critical roles through the trilateral assistance model were in the US-SA partner together to support development initiatives in third world countries.

³² ibid

³³ National Planning Commission. (2012). National Development Plan 2030: Our Future – make it work, pg. 217.

South Africa is a member of the African Union (AU), SADC other regional organization playing a critical role for the support of economic development, conflict preventions. South Africa through its positions in African continent also promotes food security, climate change, good governance and election support, and post conflicts reconstruction and development. The USAID programme is seeking to extent its operation in support of the adopted National Development Plan of South Africa 2030.

The institute of USAID in South Africa have considered to study the implementation of the National Development Plan (NDP) 2030 as how it will affect its programmes to support democracy, human rights and governance, economic growth, trade, agriculture and energy, environment and climate change and health in South Africa's socio economic development. The USAID play a critical role for the strengthening of bilateral relations between the US government and the South African government. The foreign policy of the US government seek to secure the interest of the United States of America (USA) in the whole world by initiating the operational programmes in place on the ground such as the USAID in countries that the US has interests and good relationship.

2.5.8 Conclusion

This chapter reviewed scholarly literature from scholars in the field of foreign development Aid, bilateral relations and socio economic development studies. It was based on the global perspective as the study is a social study from international relation discipline and focus of the study is South Africa. The reasons for the role of USAID in strengthening bilateral relations in South Africa were explored. The operative initiative of the USAID and conditions its conditions became a major source of conflict also. Socio economic problems have dominated leading to increase poverty and Unemployed leading to high rate of crime and increase of HIV and Aids. South Africa. This requires a new approach one that moves from a passive citizenry receiving services from the state to one that systematically includes the socially and economically excluded, where people are active champions of their own development, and where government works effectively to

develop people's capabilities to lead the lives they desire³⁴. The government is no longer an exclusive domain and in order to achieve sustainable development people center development approach must be adopted. The next chapter discusses the research design and methodology used in this study.

³⁴ National Planning Commission. (2012). National Development Plan 2030: Our future-make it works, pgs. 1-2.

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter focuses on research design and methodology procedures in this study. Methodology plays an important role in implementing a research study and gives direction to its design and implementation. In this case in the study, it is a qualitative one. The choice of the qualitative methods is premised on the fact that South African government will adjust their foreign policy on issues of bilateral relation with the US government relating to matters of foreign development Aid for socio development in South Africa. The research questions is centered on the role of USAID in strengthening bilateral relations in South Africa, the courses of socio-economic problems in South Africa, the operating initiatives and conditions of USAID towards SA and the USAID future plans towards plans for South Africa. The research objectives, problem statement, research questions and assumptions are tied to the research methods. The chapter is important because it presents the specific methods used in the study. It focuses on the descriptive of the research methodology, research design, data collection and analysis methods, limitations of the study, and ethical considerations.

3.2 Qualitative Research Methodology

Qualitative research is defined as a situated activity that locates the observer in the world³⁵. It comprises of set of interpretive, material practices that make the world visible. These practices tend to change the world into a series of presentations, which include field work notes, interviews, conversation, photograph, recording and memos to the self. Qualitative research is naturalistic, holistic and inductive. Qualitative research was used because the study aimed to give a better understanding of the role of USAID in bring socio economic development change in South Africa, as social inequality and poverty is increasing within the country. To satisfy the information needs of any study, an

³⁵ De vos, A., Strydom, H., Fouche, C., and Delpont, C. 2005. Research at Grass roots for the Social and Human Profession. 3rd Edition. Van Schaik

appropriate methodology has to be selected and suitable tools for data collection and analysis have to be chosen.

3.3 Research design

A research design refers to a strategic frame work plan that guides research activity to ensure that sound conclusions are reached³⁶. The study utilized a qualitative research design. The research design is a plan for collecting and analyzing evidence that will make it possible for the investigator to answer whatever questions he or she poses to the target population. There are two main approaches that inform the gathering of data in any study, namely, the qualitative approach and the quantitative approach. The nature of this study is qualitative. Qualitative research refers as an enquiry process of understanding a social or human problem based on building a complex, holistic picture, formed with words, reporting detailed views of informants and conducted in a natural setting³⁷. The researcher has decided to use qualitative research because the study is of a social research discipline and follows a descriptive but critical discussion.

In addition, the study depends on the interpretation information from the source and it's abstract. The researcher will employ the qualitative method of research as the study depends on the secondary sources of information such as books, journal articles, newspaper articles and internet material. In addition the descriptive and evaluation approach will also be used in the presentation of the content in as critical a manner as possible. Deductive reasoning refers to outcomes that are derived from existing theories and presupposes an expected relationship between two or more variables³⁸. In order to ensure data tribulation through this deductive approach, a descriptive analysis of the current international guidelines for bilateral relations as stipulated by United Nations (UN) was made.

³⁶ Blanch et al 2012

³⁷ Ibid

³⁸ Brynard, P.A. and Hanekom, S. X. 2010. Introduction to Management related Fields. Van Schaik: Pretoria. 22.

3.4 Data collection and Analysis Methods

3.4.1 Documentation

The study uses secondary data drawn from papers published in foreign aid and socio economic development journals and books. The sample includes a limited number of documents downloaded from the internet. The uses of the internet was limited to saucing conference papers, government policy documents and research papers cited in the literature, but not published in journals or academic books.

3.5 Data Analysis

Data was sorted and balanced so that it is precise, fair sufficient and in a detailed enough manner to allow an informed evaluation by the researcher and contributed towards the general body of scientific knowledge³⁹. The research and the research assistants did the sorting based on certain groupings and other variables thematically in the research findings. Themes like the role of the USAID in South Africa, the nature of the US-SA bilateral relations and causes of socio economic problems in South Africa. Qualitative data analysis was done through an inductive approach where raw gathered data was read through thoroughly to identify themes and categories so as to condense it.

3.6 Limitations of the Study

The study is limited to investigation of the role of United States development Assistance (USAID) towards South Africa's development. The study concentrates mainly the role of the USAID strengthening bilateral relation towards South Africa to assist resolving socio-

³⁹ De vos, A., Strydom, H., Fouche, C., and Delpont, C. 2005. Research at Grass roots for the Social and Human Profession. 3rd Edition. Van Schaik

economic development challenges in South Africa, so the study will seek to investigate on the role of USAID towards South Africa's socio economic development.

3.7 Ethical Considerations

Since this is a qualitative study conducted by human being with the objective of collecting information from community, this notion brings the ethical concern within the study itself. This is because communities are guided and regulated by various ethics, values, laws, beliefs etc. In his frame of analysis Max Weber (1949) distinguished value freedom and value neutrality, Matthew et al (2004, 17) indicated that a suggestion was made on that while all social research is motivated by values (and so can never be value free) the research is obliged to conduct their research in such a way that such value do not dictate the outcome.

3.8 Conclusion

The chapter described the methodology adopted for this research used the qualitative research method. The topic is about the role of the USAID in strengthening bilateral relations in South Africa. It is also affirmed that data was gathered by means of secondary data drawn from papers published in foreign aid and socio economic development journals and books. The sample includes a limited number of documents downloaded from the internet. The uses of the internet was limited to saucing conference papers, government policy documents and research papers cited in the literature, but not published in journals or academic books.. The next chapter focuses on the research findings.

CHAPTER 4: DISCUSSION OF RESEARCH FINDINGS

4.1 Introduction

The chapter discusses the researcher findings. The discussion focuses mainly on meeting the research objectives and addressing the researcher questions. In line this; the chapter is divided into sub-sections for purposes of comprehensive interpretation of the main study themes. The first sub-section addressed the role of USAID in strengthening bilateral relations in South Africa. The second section discusses the courses of socio-economic problems in South Africa. The third section dealt with the operating initiatives and conditions of USAID towards South Africa. Finally, the fourth section addresses the USAID future plans towards plans for South Africa.

4.2 Findings on the role of USAID in South Africa

The researcher discovered that the role of the USAID in South Africa is a bridge used by the US government to pursue its interest in South Africa with has existed long before during the colonial and apartheid era. The US interests in South Africa derived from economic, social and political interest and it is in the foreign policy of the US government to protect in investment in Africa and around the world. The US role in South Africa has to do more in strengthening its national security in Africa than the efforts of USAID in South Africa. The contributions of funds from the USAID to the national treasury to support the Aid Programs are too small as it cannot even a single budget of nine provinces in South Africa. In this case there is no balance as compared to the input of the USAID and the output generated by the US from the South African government. The USAID program is not reaching the poor of the poor in rural communities in large and as such it does not promote the development of the poor people in South Africa rather it benefit the rich people.

The researcher found out that the USAID program assist the government to formulate policies that are favorable for the narrow economic objective than social economic objectives to assist the poor. With regard to the development of the rural communities, the local government administration is the engine to deliver the services within the communities. Since the South African government has much of trust and dependent to the USAID program. It is again important to indicate that the USAID program towards the South African government needs to be refocused to long-term project and allow the local government administration of South Africa to control of the economy and set balance sustainable community development process. Only meaningful foreign development aid is necessary for the development of the human conditions in all parts of the world, thus refers to the aid that alleviate the extreme of poverty within the state.

4.3 Findings on the nature of the US-SA bilateral relationship

The researcher observed that the US-SA bilateral relations in favor of the benefit and development of the US than South Africa. The South African government import large quantities of goods and services than exportation. South Africa needs the type of foreign development Aid that will allow trade of exportation to assist in creating jobs to alleviate poverty. The US government receives large volumes of mineral resource from South Africa such as manganese, platinum and chromium to military equipment and steel at a low price for manufacturing process. In return South Africa buys the processed goods from the same exported resources at a high price. There is lack of training of South African artisans to manufacture the same goods for jobs and economic growth yet the government ignores those facts to promote imbalance trade relationship with the US government.

The researcher observed that that the US interest in South Africa is directed to protects its national security. South Africa is regarded as regional super power in Africa and in 2003 it was estimated that South Africa constituted forty-one percent (41%) of gross domestic

product (GDP) of Sub-Saharan Africa⁴⁰. The US government depends in minerals such as manganese, platinum and chrome exported from South Africa. These minerals are considered to be very important to the US military development and steel production. There are many companies that are currently operation in South Africa from the US which play a significant role for the development of the US economy. South Africa further plays a significant role for US security in Africa because of its position in African Organization, geographical location and its muscle of economy as compared to other African states. In this case from the social, political and economic areas it is clear that the US-SA bilateral relations is significant for the development of both countries specially the US government.

The researcher in his investigation also realize that the USAID program is narrow and limited to its functional scope and does not address the challenges facing South Africa such as economic distribution of land, nationalization of mining. The challenges facing South Africa can only be meet if the government can adopt and implement the principles adopted from the freedom charter. The US government remains vigilant to the policy changes taking place in South Africa. It Africa government can adopt the polity of nationalization of economic means such as mine. This could bring a serious threat to the to the US investment in South Africa. The ANC government is facing a serious challenge of high Unemployment rate within the country and the demand of land redistribution to the black people as the policy of willing buyer willing seller has failed. These could bring a threat to a vote as many people are blaming their socio economic challenges to failure of government to implement these policies. Rather than stimulate growth and equality through direct public investment, SA governmental policies often envision a more restrained and strategic government intervention and greater emphasis on non-state bodies, and the private sector in particular.

⁴⁰ World Bank; “World Development Indicators Database”, <http://devdata.worldbank.org/data-query>, 7 September 2006.

4.4 Findings on the courses of socio economic problems in South Africa

The researcher find out that problem causing socio economic problems in South Africa was the inheritance of apartheid legacy problems to a new democratic government of unequal distribution of basis services in South Africa in favor of white people than black communities. Segregation policy during the apartheid regime acted in favor to develop the white communities than areas were in majority of black people was relocated with lack of basic services such as housing, water and sanitation. Unequal distribution of basic services to the communities remain to be a dominant factor were in people living in urban areas receive sufficient basis services such as sanitation, health care, electricity education and employment unlike people living in rural communities. Since 1994 the African National Congress (ANC) led government has been criticism of failing to deliver on its promises to alleviate poverty in rural communities.

The top governmental official has been criticized of corrupt activities by misusing governmental funds for private gains rather than to serve the communities. Most of the municipalities were found guilty of mismanagement of their funds from different audit which were conducted throughout the country. Many people in South Africa still living under poverty inherited from the apartheid regime were in the government is failing to render basic services needed for sustenance of living such as water. Service protest continues to hit the government from all corners of life in South Africa as different communities trying to put their demands forward. In each and every part of the world corruption often hinders development⁴¹. It is important to indicate that development training and research need to be facilitated to the governmental officials in order to be accountable for the projects that affect the lives of the different communities.

In this way, it is important to explore that corruption still exists within the governmental structures in South Africa and, it can be argued that there is a need for transparency that should be supported by allowing the participation of the community in the USAID

⁴¹ Cloete, J.J.N. *Accountable Government in South Africa*, Pretoria, J.L. Van Schaik Publishers, 1996, 26-29.

program towards the development of the South African government. The rate of unemployed people in South Africa is increasing day by day specially youth. The economic policies adopted by the ANC led government is failing to create jobs for poor people.

Many investors find it difficult to invest in South Africa because of unfriendly economic environment such as crime. The problem of unemployment is very serious to a point where crime is much dominant in South Africa. Lack of skills especially to black people remains to be a dominant factor as result of inheritance in Bantu Education system by the apartheid government. Therefore, the efforts of strengthening local economic control over the foreign development aid remain to be an important issue in order to reduce the economic inequality and poverty even if the last foreign development aid worker has left. The government has introduced a failed further education system (FET) where in majority of people young people are attending but often with no plan in place from the government to create employment for them to work.

The government is often facing clashes with workers Unions and federations trying to protect their members from the threat of retrenchment and early retirement from government. The problem of unemployment undermines the value of democratic principle with a country and promotes poverty. Neo-liberalism has dominated much in the governmental economic strategies, development policies and programs towards South Africa and the only beneficiaries of the new order is the elite individuals, meanwhile the generations of majority the black people who were segregated and oppressed by the apartheid government are still living under hard conditions with no adequate needed modern services and living in poverty. It is clear that the vast majority of the people in South Africa they do not have access in the most needed modern services such as housing, health care, education, transportation and telecommunication within the different society. The new democratically elected government in South Africa has established seven structures to improve the coordination of foreign assistance⁴².

⁴² Robert et al. Strategies for African Development United States of America, America, University of California Press, 8.

The researcher observed that the USAID towards the South African government is only focused on the short-term project and it does not promote the control of the local economic development, and also the participation of the people in the decision making process. Aid is one resource human, financial and institutional, which can be targeted on poverty eradication⁴³. Therefore, it can be argued that, if that is to be achieved, the South African government should only focus on meaningful foreign development aid in order to achieve the development process and to determine that only accepted form of foreign development aid is that which alleviate the extreme of poverty within the state and support the local economic development by allowing a sustainable balance of human empowerment and economic growth in that state. Development is about releasing the community of poor from the poverty trap so that they can take responsibility for their own destiny⁴⁴. Therefore, it is important to indicate that the direct foreign investments practice South Africa, is affecting negatively the development process of the rural communities by failing to identify and protect the interest of the poor people.

4.5 Conclusion

The discussion of the research findings was based on secondary data drawn from papers published in foreign aid and socio economic development journals and books. The sample includes a limited number of documents downloaded from the internet. The uses of the internet was limited to sourcing conference papers, government policy documents and research papers cited in the literature, but not published in journals or academic books. Lack of basic services provision to the communities in such as housing, water, electricity, health, education, sanitation and creation of employment by the government is the main source of socio economic problems in South Africa. An increase of corruption by the governmental officials fuels the problem and increases the gap of inequality

⁴³ Judith et al. The Reality of Aid “An Independent Review of Poverty Reduction and Development and Development Assistance, United Kingdom, Earthscan Publishers LTD, 4.

⁴⁴ Shanepoel et al. Introduction to Development Studies, South Africa, International Thomson Publishing (Southern Africa (PTY) LTD, 8.

between the poor and the rich class in South Africa. Lack of judicial function is leading to increase in high rate of crime and uncontrolled strikes that is affecting the economic growth of the country leading to poverty.

CHAPTER 5: RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This chapter presents the recommendations and concludes the study. It sums up the whole discussion as informed by the research findings.

5.2 Recommendations

- This work recommends that in order to resolve the socio economic development challenges in South Africa the government should develop sustainable economic policies that lead to economic growth enough to create jobs to alleviate poverty especially in rural communities. Furthermore Rostow (1956) indicate that a developing country must find ways of changing and exploiting its natural, physical and human resources, coupled with a vibrant and growing industrial sector⁴⁵. This will require policies that seek to address the apartheid legacy to provide basic services to the communities such as water, electricity, health, housing and sanitation to uplift the standard of the community. It was premature for the government to abandon the policy of RDP policy that seek to bring socio-economic development established under Mandela change to growth economic and redistributions (GEAR) under Mbeki. South Africa requires foreign development Aid that seek to assist in much needed scares skills within the country that promote entrepreneurial ship to create employment for the poor

⁴⁵ Rostow, W. W. 1956. The take-off into self-sustained growth. *Economic Journal* 66 (261) March 1956, 25-48.

people. This will bring ability to boost f has long seek and waiting to achieve for the development of their economies. Poverty is still a challenge to most of the African continent. South Africa should use its geographic advantage and economic strength to assist into the development of other African states than the form of been a pillar of US national security through the exploitation of mineral resources for the benefit of the rich class.

- South African current development and further plan derived from Freedom Charter and Reconstruction and Development Programmes. Therefore, if sustainable development is to be achieved in South Africa the government of should respect the will of its people and implement policies that are adopted majority. The RDP policy was developed from the principles of the Freedom Charter and in 1994 the RDP was authorized as the development policy of the state. When the RDP was authored was expected to be an integrated and coherent socio-economic policy framework. It sought to mobilize all South Africans and the country's resources towards the final eradication of apartheid and its evils building of a democratic, non-racial and non-sexist society.
- The researcher observed that there is a need for South African government to seek a US-SA balanced relationship that seek to equally benefit both countries equally rather than to promote narrow capital gain economic motives of one state from another. This will require a balanced importation and exportation of goods and services that assist in addressing the challenges on Unemployment in South Africa. Necessary development Aid seeks to address the challenges of one's development country rather than to undermine its ability to excessive its own ability to achieve sustainable development goals. Whilst it is common sense that US government is not responsible for addressing social development challenges facing South Africa, this study suggest the South African Department of Treasury

should channel the USAID funds to areas of where in development is needed the most to create jobs, building health infrastructures and empowering black people in Agricultural development that create employment and provide food security.

- South Africa should increase its bilateral relations more with regional and African countries to strengthen African economic growth to address the challenges of poverty in Africa. As the largest economy in Africa and a model of peaceful post-conflict transition, South Africa should share its technical skills and positions around the globe for the economic growth of regional and African states. African states are rich in mineral resources but facing a challenge of lack of artisans to exploit those resources into manufacturing of goods that could improve their economy. Therefore, the Africa Union (AU) should strengthen its commitment over the implementation of African regional economy than to relay on the European countries for their own development. It is necessary to indicate that African countries are continuing to experience economic colonization and exploitation over their resources by the developed countries increasing the rate of poverty in Africa. South Africa should not allow to be used by the US as a bridge to protect its national interest in Africa because of its geographic position but rather accept the type of foreign development Aid that could assist in alleviation of poverty in Africa.
- Health care policies of the South African government need to be readdressed to reduce the number of new infections of HIV and a number of increased of AIDS victims in South Africa. Health care policies should be incorporated with the economic policy as HIV and AIDS is a threat to the South African economy and problem to the further of the country. South Africa remains to be a serious threat to other regional countries to spread HIV and AIDS in Africa because many people from other African states migrate to South Africa for economic development.

- Lack of political will to alleviate the spread of HIV by the led ANC government injects a serious threat into the economy of the country. Many Unemployed youth are infected by HIV virus meanwhile there system of health care in South Africa continues to collapse. There is lack of funding by the government to improve the health care system in South Africa. Poverty is to be blamed as an increase of HIV and AIDS in South Africa especially in rural areas were in many people are Unemployed living in poor conditions with lack of basic services.
- It is in the observation of the researcher's recommendations that the South African government should strengthen its democratic governance system and accountability by using the judicial system and the constitution of the country as the center stage of development. This will eliminate corruption over dominance of political powers that undermine the normal functioning of the democratic rule and misuse of public funds. Corruption is affecting the development of African continent as a whole including South Africa. The sad part about cases of corruption in South Africa they vanish without prosecution. This future gave confident to the perpetrators to continue with such kind of evil practices. Stilling public funds which is meant for development for the benefit of an individual person and his relatives in evil and should be dealt by law.
- People have lost confident into the judicial system in South Africa because of lack of prosecuting Authority which protects the perpetrators especially into the led ANC government. The ANC led government has taken it to its advantage to promote corruption conducted by its members because of lack of projected opposition party and future manipulates the role judicial system through political

power. The judicial system in South Africa only works for the rich people rather than the poor black people. With regard to the effort of participation of the people in decision making process and development of governance.

- Food security is very crucial substance in South Africa to prevent hunger within the country and other Southern part of African developing states. Poverty and hunger is still a dominant problem in South Africa. There is a need for government to promote skills development to rural development to bring support and transformation of substation Agriculture for food production to boost local economy. Even though the core base for the participation of the people in the development process was not set, the role of the citizen's participation in the USAID aid program in the decision making process remains the important factor for the development process of the state. It is therefore important to indicate that the national and the provincial government must seek ways of strengthening local communities, community based and non-governmental organizations by accepting foreign aid that would alleviate extreme poverty and promote development process.
- In terms of education standards the US is more advance to their educational system as compared to the South African government with high technical advancement of top class in the world that can assist the South African government to apply addressing its facing challenges of socio economic problems. It is high time for the South African government to realize that without proper and implementation of effective educational programmes especially in rural communities, the legacy of the apartheid regime will continue.

5.3 Conclusion

The first chapter looks into the background of challenges led to South African government to formulate foreign relations Aid policies hoped to address the imbalance of the past especially with regard to the previously oppressed black people in the country. The challenge that is facing South Africa is a lesson to all developing countries that will turn governmental attention to consider economic development than to seek political power into their democratic transaction. The government should bare responsibilities to provide basic services to the communities and uplift their social standards to alleviate poverty. Lack of basic services provision to the communities in South Africa has brought negative attention between the communities and government. Lack of political will to serve the communities and corruption by governmental officials has become a hot debate in this chapter.

The second chapter focuses on the extensive review of scholarly literature from renowned scholars in the field of foreign development Aid, bilateral relations and social development studies. The role of the USAID in strengthening US-SA bilateral relations for socio economic development change become the center of debate in this chapter. The operative operations of the USAID and its conditions spark huge critics over the development of South Africa. It became clear in this chapter that it was premature for the government to abandon the Reconstruction and development program (RDP) aimed for the provision of basic services in South Africa.

The third chapter adopted qualitative research methodology for the study. Qualitative research is based on real life experiences. This research will assist the governmental official on policy development that guide the increase of focus to socio economic development change. Data was gathered by mean of using secondary data drown from papers published in foreign aid and socio economic development journals and books. The sample includes a limited number of documents downloaded from the internet. The uses

of the internet was limited to sourcing conference papers, government policy documents and research papers cited in the literature, but not published in journals or academic books.

The fourth chapter discussed the research findings. It was categorized into ---sub-sections: the role of USAID in South Africa, the nature of the US-SA bilateral relations and courses of socio economic problems in South Africa. The primary drive of a need for economic growth and development led to South Africa to follow the model of seeking foreign aid. Modernization theory seeks to encourage developing countries to improve their industrialization, capture economy and follow modern day form of technology which often ignore agricultural development.

It was in the best interest for South Africa to follow the Reconstruction and development programme (RDP) that sought to provide basic services to the communities such as water, housing, electricity, health care, and sanitation. Since the establishment of the USAID in South Africa the rate of socio economic challenges is increasing. Poverty has largely dominated in rural communities and inequality of social class increased. Foreign aid is being used by the developed countries as a new form of colonization African countries export their mineral resources to the developed countries failing to use the recommended modern industrial form to produce goods on their own than to rely on the developed countries.

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