

Engaging the private sector in post-conflict recovery

Perspectives for SADPA

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Summary

Economic revitalisation and job creation are major components of the effort to consolidate sustainable peace in post-conflict settings. Public institutions tend to lead efforts to stimulate recovery. Yet the private sector has a role to play too, as post-conflict revitalisation and reconstruction offer commercial opportunities. There is a growing trend among donors and governments towards engaging business to meet development goals. At the same time, South Africa is looking to coordinate its various development cooperation activities through the South African Development Partnership Agency (SADPA). This makes it relevant to examine whether, and how, SADPA might support private-sector development and engagement in fragile and post-conflict African settings.

THIS PAPER CONSIDERS the connection between three topical policy themes. The first is South Africa's emerging Development Partnership Agency, whose attributes and origins give it an imperative to build relationships with other development actors. The second is the 20-year legacy of the South African government's involvement in post-conflict reconstruction and development (PCRD), and peacebuilding activities in Africa. The third theme is the dynamic and diverse contemporary business environment across Africa. The private sector's role in helping drive sustainable and inclusive growth has a strong bearing on the prospects for achieving long-term developmental goals on the continent. The question that arises from these contexts (i.e. partnerships, post-conflict and private sector) is what role the private sector might play as a development actor in SADPA's future PCRD efforts.

The paper addresses this question in four parts. The first outlines issues at the nexus of business and peace, and potential roles that the private sector might play in situations of fragility and post-conflict recovery. The second part briefly considers the growing trend for donors to engage the private sector in development policy generally, and more specifically in PCRD activities. The third part looks at the particular policy context for SADPA's engagement and addresses why SADPA should engage with business in pursuit of government's PCRD strategies. It considers South Africa's wider strategy of economic diplomacy, and includes insights from Brazil's development

agency. The fourth and final part considers some modalities of how SADPA might engage with the private sector in conflict situations.

Given the lack of precise definitions in this field, this paper uses the term ‘PCRD’ broadly to encompass peacebuilding initiatives and governance reforms rather than solely physical reconstruction activities. The focus here is on post-conflict settings, but the paper also reflects more generally on SADPA’s role in fragile states and situations. The paper also concentrates on policy approaches towards engaging existing or potential business actors and investors (i.e. private-sector engagement). It is less focused on donor policies to stimulate local business creation and expansion (i.e. private-sector development),¹

The discussion proceeds on the basis that the ‘private sector’ comprises many industries, which have very different incentives when it comes to fragile and conflict-affected states. The paper includes local and third-country businesses in the definition of ‘private sector’, and not just South African firms with which SADPA might engage.

Fragile and conflict-affected areas are caught in a catch-22 situation: they are the most in need of revitalisation, yet struggle to attract investment

The paper aims to offer perspectives on how Pretoria might define and engage business as a development stakeholder. It is not intended as a general review or critique of SADPA, nor of the complex political-economic links between South Africa’s foreign policy and its business community.

Business, conflict and fragility

The role of an economic agenda in armed conflict began to receive policy and scholarly attention in the 1990s, in the context of the control of natural resources in the long-running subregional civil wars in West Africa. It remains a complex and much debated issue, just as lack of consensus surrounds policy prescriptions for post-conflict economic recovery.² For convenience, private, for-profit corporate actors in post-conflict settings can be divided into two broadly distinct conceptual fields.³

The first is business’s indirect role in, and impact on, rebuilding peaceful post-conflict societies. Here the question is how local and foreign businesses can contribute, as economic actors, to post-conflict recovery, returning conflict settings to a normal development trajectory. At issue is how business contributes to recovery as a corporate entity through conventional commercial activities. Policy focuses on how to attract, stimulate and support revitalisation of private economic activity, and how to design and regulate a business climate that is conducive to investment, growth and job creation.⁴

Fragile and conflict-affected areas are caught in a catch-22 situation: they are the most in need of revitalisation, yet struggle to attract investment – because they are seen as fragile. Policy innovation and flexibility are therefore needed to attract business. There is increasing policy attention given to the economic-recovery dimensions of post-conflict peacebuilding. This acknowledges that without a tangible economic benefit – or so-called peace dividend – political deals will often prove unsustainable. In this sense, the private sector is clearly a stakeholder in PCRD and in reducing fragility, and a development actor that needs to be engaged by policy institutions.

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THE APPROACH OF POST-CONFLICT POLICY HAS BEEN TO FOCUS ON INSTITUTIONAL DESIGN, GOVERNANCE AND POLITICAL PROCESSES

The second broad field relates to both negative and positive impacts that businesses might have on conflict prevention and peacebuilding – either in the normal course of their operations or in their efforts to help or hinder such processes. Some businesses may provide support to national or localised peacebuilding initiatives. At the very least, they will typically share the concerns and objectives of institutional peacebuilders. Indeed, local and foreign businesses may have greater interest in achieving sustainable peace than external peacebuilding actors. Corporate actors may lack the legitimacy, authority and responsibilities of public peacebuilding actors. However, like civil society, the private sector is arguably a legitimate social source of inputs, with views and concerns when it comes to peacebuilding, and external peacebuilding actors should seek that input.

External institutions may also have a regulatory role to play in support of (often low-capacity) post-conflict host authorities. That role may involve shaping the behaviour of private-sector actors where their activities might undermine a fragile situation. An enterprise's actions may often unwittingly aggravate or expose social fault lines, compromise land claims, affect ecosystems, discriminate ethnically, or result in corruption, resentment and rights abuses, and so on. In particular, the close links between natural resources, land, identity and insecurity in many regions increase the importance of how business operates and how it is governed.⁵

PCRD programmes are complex, highly political, and usually constrained in terms of time and resources. Private-sector involvement in such contexts is therefore more difficult and controversial.⁶ Although there is no single type of post-conflict society, the effects of conflict on state capacity tend to exacerbate the policy challenges of kick-starting and developing local enterprises, of reassuring and supporting foreign investors, and of promoting responsible, conflict-sensitive business activity.⁷ At the same time, the importance of the private sector to the sustainability of PCRD processes makes it imperative to find ways to stimulate private-sector activity after conflict and to leverage the developmental impact of business in appropriate ways.⁸ The unique conditions of early post-conflict periods also often provide a window of opportunity for donors and others to do so.

Engaging business in post-conflict recovery

External peacebuilding and development partners need a strategy to maximise the potential positive contributions the private sector can make towards PCRD and minimise the possible harmful side effects of new or renewed business activity. Until recently, policymaking was blind to business as a relevant and legitimate stakeholder in conflict prevention,

post-conflict recovery and peacebuilding.⁹ Post-conflict policies have tended to be too narrowly focused on building the capacity of state mechanisms,¹⁰ to the neglect of other non-state sources of governance and peacebuilding, such as the private sector. Generally, since 1990 the approach of post-conflict policy has been to focus on institutional design, governance and political processes, rather than on the issues of economic recovery and livelihood.

Meanwhile, institutions such as UN Peacekeeping have long focused on the political and security dimensions of post-conflict recovery. Such institutions tended to view the private sector (and economic rejuvenation) as part of a later stage of recovery, and as the institutional responsibility of development agencies and the World Bank.¹¹ A consequence of this perceived role division was that entities with a peacebuilding mandate tended to neglect the role business can play in PCRD.

However, three developments have now altered institutional ways of seeing the private sector's potential role in fragile states, and these have a bearing on SADPA's future agenda.

External peacebuilding and development partners need a strategy to maximise the potential positive contributions that the private sector can make towards PCRD

Firstly, fragility, conflict and violence have risen to the top of the global development and aid effectiveness agenda, culminating in the New Deal on Fragile States.¹² Secondly, greater emphasis is being given to economic aspects of post-conflict recovery and conflict-prevention. There is now widespread recognition that conventional development cooperation has not yielded results in conflict-affected countries. This is driving greater flexibility and innovation in the approaches to development programming in these environments. Thirdly, there is heightened development-policy interest in productive public-private cooperation on this issue and in the private sector's role in development more generally.

Global business leaders are driving some of this debate and activity. In development circles, traditional donor and development-finance organisations are pushing for greater involvement with the private sector. This is seen in terms of placing more emphasis on developing the local private sector in recipient countries, and engaging with business so it can make an impact on development priorities and processes. Increasingly, donors will see engagement with foreign investors as linked to stimulating local business and job creation, by helping build the capacity of local smaller firms to meet foreign firms' supply-chain

and service-provision needs. In many cases, host authorities will require investors to develop such backward linkages into the local economy.

Therefore, SADPA would be created in the context of a global development debate that increasingly emphasises the private sector's developmental role and its important stake in shaping and implementing the development agenda. This pragmatism is partly a result of Western budgetary austerity, which is driving many donors to turn to business for their resources. It is also partly a function of recognising the need for business and government to jointly shoulder the delivery of equitable, inclusive growth and sustainable development.

For example, the 2014 high-level Global Partnership for Effective Development Cooperation summit made it clear that business is a vital component in development,¹³ as did the 2013 UN high-level panel report on the post-2015

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development agenda.¹⁴ In 2012 the UN's annual peacebuilding report for the first time expressly called for engaging the private sector in post-conflict processes.¹⁵ Leading donor agencies are swiftly developing policy frameworks for enhanced private-sector development programming and greater engagement with business, including firms of other nationalities operating in the recipient countries.¹⁶

Before turning to SADPA's domestic policy, it is important to note that there are critics who remain unconvinced about the positive impact of engaging business in the development agenda.¹⁷ In addition, many donor policymakers are wary of 'picking winners' (i.e. favouring particular firms and businesspeople for development or PCRD initiatives). Other policymakers are concerned about development burdens gradually being shifted away from the state onto the private sector – and many corporate leaders share such concerns. It is also worth noting that the rhetoric on engaging business in the development agenda is not matched by a clear understanding of how it can be achieved or the capacity to do so. This is particularly true of conflict-affected environments, where statements about the need to attract enterprise and investment are seldom matched by evidence of successful programmes. Firms will either operate in fragile areas regardless of policymaking efforts or, because of perceived risk, they will not operate there no matter what the incentives policymaking can offer. Furthermore, lack of trust, misunderstanding and the fact

that business executives and development programmers have different objectives hamper engagement.¹⁸

Should it choose to engage the private sector (generally and in relation to PCRD), SADPA would not be the only agency to tackle the challenges of whether this policy is inappropriate or incompatible – or to address resistant institutional mindsets, and lack of capacity to engage business. Yet, on balance, these challenges are no different in kind or scale from any other type of development-policy dilemma or risk. As argued elsewhere, these policy risks are in principle outweighed by the challenges faced by fragile and post-conflict countries – challenges that require innovation and partnership of a more flexible kind to overcome them.¹⁹ These policy risks are also outweighed by the development and commercial efficiency and effectiveness gains that can be realised by appropriate strategic alignment between public agencies and the private sector in fragile states.

SADPA and private-sector engagement: policy

The above discussion is relevant to the context in which SADPA will be established because it will need to engage with established donors and recipient countries. These will have generally accepted the principle that the private sector is a development actor to be consulted and engaged, and a major stakeholder in PCRD. But, in terms of how SADPA might engage the private sector, it is important first to ask whether it should do so in the context of South Africa's foreign policy generally. This question arises because of the policy risks and uncertainties associated with closer public-private interaction (discussed above). This section unpacks those risks in the South African context and points to the fact that they are ultimately manageable.

A brief background to SADPA is necessary. A cornerstone of South Africa's post-1994 foreign policy has been efforts to foster self-sustaining peace and prosperity in the rest of Africa, especially in the immediate sub-region. Successive policy frameworks and diplomatic practice have made clear that two broad factors drive this approach. Pan-Africanist solidarity and South-South cooperation reflect the sentiments and sensibilities of the ruling ANC-led alliance. Yet these exist alongside an evident, and increasingly significant, assessment of South Africa's own national self-interests.

This factor is informed by negative aspects, namely the political and economic cost to South Africa of poverty, underdevelopment, conflict and mass migration in the sub-region. It is also informed by more positive aspects: the opportunities to increase the prosperity and wellbeing of South Africans, by helping create more peaceful and

developed societies and markets to the north. The current foreign-policy white paper places great emphasis on regional integration and economic development, emphasising partnerships in trade and investment, infrastructure provision and technical assistance.²⁰

Successive post-apartheid governments have engaged in developmental and peacebuilding initiatives in various parts of Africa.²¹ The most significant of these, at least in financial terms, have been the infrastructural and other projects of the Southern African Development Bank.

Pretoria has also taken a particular interest in the African Union's (AU) peace and security architecture, in conflict prevention, mediation and resolution, and in PCRD. Without going into the debate about definitional aspects of peacebuilding and post-conflict recovery, the AU's 2006 framework on PCRD takes a comprehensive approach to the sort of activities that are included in it.²² The 2003 AU Peace and

Partnership is at the heart of the SADPA model: Pretoria wishes to be seen very much as a development partner, and not a donor

Security Council protocol envisaged an enhanced mandate for countries affected by violent conflict, going beyond political engagement to establishing conditions of political, social and economic reconstruction of society and government institutions.²³

Through the AU, South Africa has largely focused on peacekeeping and (lately) peace-enforcement in the rest of Africa, and aside from high-level conflict-related diplomacy and mediation has taken a fairly militaristic approach to post-conflict stabilisation.²⁴ This practice has been shifting towards a more comprehensive approach that takes into account the wider security-development dynamic.²⁵ This would suggest that long-term peacebuilding requires more than simply the ability to project force or engage in high-level diplomacy.

Mooted since 2007, SADPA is intended to have both an internal and external coordination role. The internal dimension will be to provide coherence to the various state institutions that are involved in foreign development. The external dimension will be to build partnerships with recipient African countries, donors – including BRICS and other emerging donors – and international organisations.

It is planned that SADPA will serve South Africa's twin core foreign-policy initiatives indicated above. The rationale for its creation appears likewise to have two pillars. One is that South Africa's own experience in pro-poor development, transitional governance and reform, and its experience as a major recipient of aid recipient after 1994, have given its institutions and agencies experiences that are of value to developing African states. The other, less explicit rationale is that South Africa's 'African-ness' will give SADPA an advantage in terms of its legitimacy, access and affinity in the eyes of traditional donors,²⁶ while reinforcing the self-reliant notion of 'African solutions to African problems'.²⁷

O'Riordan is one of a group of researchers who have questioned whether SADPA's performance will be any better than its godparent, the Department of International Relations and Cooperation (DIRCO), at projecting South Africa's image and interests effectively.²⁸ Partnership is at the heart of the SADPA model: Pretoria wishes to be

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seen very much as a development partner, and not a donor.²⁹ To some extent, SADPA is obliged to adopt this tack, since its budget is small in African aid terms. Moreover, it has limited experience of external development and PCRD compared with established donors and institutions.

SADPA will clearly need to consider how it adds value compared to what traditional and other emerging donors can offer, both generally and in respect of national aid coordination and implementation structures.³⁰ If it follows a similar path to South Africa's development-security policy, SADPA's programming is likely to be closely related to conflict-affected countries. Its success will therefore depend on approaching peacebuilding activities and post-conflict development interventions in ways that differentiate it from other actors, achieve efficiency, and complement others' efforts and the host country's priorities and preferences.

In parallel with South Africa's history of diplomatic, developmental and trade-related activities in the rest of Africa, its privately owned companies have since

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the early 2000s greatly enlarged their African footprint. South Africa has for some years been the leading direct investor in sub-Saharan Africa by number of new projects, and one of the leading investors by project value, especially in the non-oil-and-gas sectors. Its firms have generally exhibited strong growth in financial services, telecommunications, consumer goods, construction and other industries. Increasingly, Pretoria's larger state-owned enterprises have joined this trend, operating in Africa for commercial gain, especially in the energy and transport-infrastructure sectors. They join an increasingly crowded field in the contemporary African growth story, a complex but tangible enough phenomenon, which does not require elaboration here. In this context, it is difficult to conceive how SADPA could design a credible approach to unlocking human potential in PCRD contexts without engaging the private sector, which has driven much of the economic growth in the continent in recent years. This will require overcoming what research reveals has been very limited engagement by South African policymakers with non-state actors, including business, in the PCRD environment.³¹



SOUTH AFRICA HAS, FOR SOME YEARS, BEEN ONE OF THE LEADING INVESTORS BY PROJECT VALUE IN SUB-SAHARAN AFRICA

South Africa's economic diplomacy: From ambivalence to pragmatism

The role of business in driving transformative economic activity in Africa would suggest that it should obviously be involved in the new development partnership agency. Yet it is going to be difficult to separate SADPA's possible engagement with the private sector (at least the South African private sector), whether or not in PCRD contexts, from past patterns of business-government relations on external issues. This legacy reveals what still needs to be done in terms of bridging gaps in understanding, and building trust and rapport between the government and South African business in relation to development in Africa.³²

The ANC-led government's policy on Africa has long been marked by its sensitivity to ensuring that it distances itself as far as possible from the unacceptable approach of the apartheid authorities. Together with ambivalence towards big business within parts

of the ANC-led alliance, this approach has had unfortunate consequences for the country's private-sector firms seeking to enter and expand in Africa. These companies have generally not enjoyed the levels of diplomatic cover and facilitation that other countries have provided business. South Africa's private firms have generally done well despite, not because of, government's diplomatic approach. Especially around 2007, the government appeared to be more concerned about how South African business might harm the country's image in Africa, as opposed to actively promoting its own commercial interests abroad. One result of this sentiment was the 2007 push from within the ruling party for a voluntary code of conduct for firms operating externally. This came despite the fact there was no evidence that South African businesses perform any worse than firms from other countries in terms of their social, environmental or governance impact in Africa.³³

In government's approach to its Africa policy there are still traces of this ideological and idealistic leaning in terms of how the private sector operates outside South Africa. However, since about 2009 the government's approach to diplomatic facilitation and support has become far more pragmatic. This is partly out of recognising the extent of both the opportunity and competition South African firms face in Africa.³⁴ Zondi notes that domestic political pressures have forced Pretoria to place economic self-interest more at the forefront of its previously values-driven foreign policy.³⁵

In 2010 the Presidency announced an 'Economic diplomacy strategic framework' to support commercial interests abroad of private and state-owned South African firms. This policy shift incorporates more clearly the role of DIRCO – and other departments, including Trade and Industry – in providing guidance to government and the business sector on economic developments and markets; pursuing market access for South African products; removing barriers to trade; and supporting development of larger markets in Africa.³⁶

The Economic Development Department's 2010 New Growth Path states that government support for regional growth is both an act of solidarity and a way to enhance economic opportunities for South African firms. Hence the ANC has blended its pan-Africanist ideals with a policy of self-interest premised on recognition that underdevelopment, insecurity and mass migration in the sub-region will be detrimental to its national interests.

Residual policy risks for SADPA

This trend towards increasing pragmatism lends support to the notion that SADPA will be able to adopt a proactive role in supporting the private sector in fragile and post-conflict settings in Africa, and in maximising the impact of foreign

investors in development. It lends support to a policy approach of engaging and consulting with South African and other private-sector entities in PCRDR contexts.

However, any policy that engages with investors as part of PCRDR efforts carries policy risks for SADPA. As Zondi notes, there seems to be little common ground between those who view Pretoria's promotion of commercial interests abroad as

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natural, and those who see them as inappropriate and harmful to the country's image. However, Zondi is over-simplistic in his description of earlier foreign policy as principled in contrast to the current 'expedient' (and, by implication, unprincipled) focus on economic interests. This overlooks the fact that PCRDR initiatives involving business might in theory provide mutual economic benefits both for post-conflict societies and external players.³⁷ Engaging business in development and PCRDR does not mean surrendering principled values to underhand commercial ones. In this sense, it is up to SADPA to make the case that facilitating responsible business activity is beneficial for host countries and for South Africa.

Zondi is probably correct in noting that some element of controversy about the presence and impact of South African business in other African countries will remain, regardless of what business and government do by way of responsible business practices and diplomacy.³⁸ Pretoria cannot be seen to simply open the door to South African firms and allow them to dominate in post-conflict markets. But, at the same time, a grievance will remain among those who question whether it is justifiable for firms to operate in post-conflict settings. Moreover, there may often be strong demand in post-conflict African countries for South African investment (or any investment, for that matter). This will be pertinent to SADPA's decision making, and it illustrates Pretoria's 'damned if you do, damned if you do not' position. Perceptions of Pretoria in the rest of Africa are, as is well known, very mixed: other countries both want it to lead, and resent it assuming a leadership role or pursuing perceived self-promotion.³⁹ Pretoria is now well attuned to managing the negative perceptions that exist on the continent, some informed by fear of South African firms dominating local markets.⁴⁰

Lucey and Gida's research on attitudes in the AU towards Pretoria's PCRDR activities revealed that most stakeholders noted that

... South Africa should use its private sector for PCRD initiatives, either by investing in Africa, engaging businesses in the African Solidarity Initiative [see below] and through their corporate social responsibility projects, or through philanthropists ... Some suggested that the AU could act as guarantors for businesses doing economic rehabilitation. Stakeholders also lamented Chinese investment and infrastructure, saying that South Africa ... should offer an alternative.⁴¹

There are three things to note from this. First, these stakeholders' views illustrate the lack of precision in officials' understanding of what it means to engage the private sector in development activities. Government can offer incentives, such as political-risk guarantees, but it cannot necessarily just 'use' the private sector. Businesses will not simply accede to becoming obliging tools of PCRD policy. In particular, South African firms are not going to invest in post-conflict countries simply because Pretoria thinks it would be nice of them to do so.

Secondly, stakeholders' views welcoming greater business engagement and investment in infrastructure are at odds with previous DIRCO suggestions that SADPA will not prioritise economic engagements.⁴²

The third point goes to the heart of the policy dilemma for SADPA (and DIRCO, more generally) in terms of engaging business, especially South African firms, in PCRD

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efforts. As Lucey and Gida note, initiatives to 'use' the private sector would need very clear policy articulation 'to prevent the impression that South Africa was acting out of selfish interests rather than on the principles of solidarity'.⁴³

Moreover, in contrast with the views of AU respondents welcoming more South African investment, Lucey and O'Riordan note a different prevailing view. This feedback suggests that, rather than a desire for more Pretoria-backed investment, South Africa's foreign policy is perceived as excessively pushy when it comes to business promotion and trade-based relations. They note that, for some African audiences, Pretoria increasingly risks being seen as acting in economic self-interest.⁴⁴ Zondi claims that South Africa is 'already inadvertently flaunting its business interests without declaring so' in development contexts.⁴⁵ As O'Riordan has noted, aid accompanying private-sector investment often raises the ire of domestic business lobbies in host countries, which tend to make accusations of unfair competition against donor-supported external actors.⁴⁶

One problem that besets the framing of a proactive private-sector engagement policy is that those who suspect that SADPA's proposed PCRD work may simply be a partly disingenuous pathfinder for South African strategic commercial and trade interests will find evidence for their view in the government's own policy positions. For example, the National Development Plan 2030 notes, with a tone of regret, that despite playing a key role in peace settlements on the continent, South Africa 'has gained little by way of expanded trade and investment opportunities'.⁴⁷ This wording tends to suggest that Pretoria's main interest in leading PCRD or negotiation efforts is not to bring peace to troubled zones but to gain commercial advantage from post-conflict investment

THE NATIONAL
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NOTES THAT SOUTH AFRICA
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opportunities. Such an impression of self-interest, whether accurate or not, would not go down well in the recipient country, or more widely in Africa, even if such investment were to the advantage of the recipient country.

This regret expressed in the National Development Plan was reiterated at a parliamentary portfolio committee seminar on the interface between South Africa's foreign policy and the private sector in Africa. It was noted how it is 'only fair' that South Africa gain access to trade and investment opportunities given the conditions established by its efforts at conflict mediation and PCRCD.⁴⁸ Likewise, in his review of SADPA, Besharati argues that Pretoria has invested significant resources in bringing about peace and stability in Africa, only for non-South African firms to 'end up benefiting more from these new markets'.⁴⁹

Besharati cites the example of the Democratic Republic of the Congo, where South Africa, in his view, has invested substantially in peacekeeping, mediation and capacity development, but was 'unable to successfully broker big mining concessions with the Congolese government'.⁵⁰ Besharati would support a far more commercially self-interested policy for SADPA. He states that, whereas other major players in Africa (including the US, EU, China and Turkey) are open about pursuing their national and commercial interests, by contrast South Africa's development-cooperation strategy lacks dynamism and economic drive, and has not been used 'effectively to support its commercial interest' in the same way as other countries.⁵¹

Despite noting the negative perceptions on the continent of South Africa's motives, Besharati then seems to display little sensitivity to this fact. He shows no particular awareness of how controversial it might seem to say, as he does, that by establishing a presence in other African countries through development activities, SADPA might 'pave the way for South African businesses to expand their clientele and supply base'.⁵² He sees the problem as one of insufficient integration of economic considerations with development issues; he bemoans the lack of commercial dividends for South Africa from its external PCRCD and developmental activities.

Besharati argues that while it should ruthlessly avoid 'mercantilism', South Africa should, however, 'not be apologetic' about its commercial interest and that without necessarily imposing its labour, services and products on the continent, Pretoria's development co-operation 'could still produce better returns'.⁵³ Without appearing to be concerned about the policy implications or risk of corruption (and without

showing any grasp of the fraught ideology of ANC business relations), he appears to see it as a weakness that Pretoria lacks a US-style ethos whereby 'corporations through lobby and interest groups have a strong say on foreign policymaking'.⁵⁴ Besharati notes that although Pretoria formally eschews any concept of 'tied' aid, in practice its development cooperation is linked to South African institutions, service providers, companies,

A closer link between supporting PCRCD and resultant commercial openings will require clear articulation of the policy rationale of such a link

products, personnel and experts. He argues that certain voices in Pretoria⁵⁵ advocate that if local African companies cannot be found to implement development projects, these contracts should be awarded to South African companies.⁵⁶ He calls for 'commercial drivers' to be present in Pretoria's thinking on development cooperation.

The argument in the present paper is that, in shaping and implementing its PCRCD policies and programmes, Pretoria should indeed engage more systematically with South African business. Support in South Africa for funding or facilitating PCRCD activities abroad may increasingly require some demonstrable link to South Africa's own economic advantage. However, Besharati's breezy, apolitical and naive optimism about the scope for SADPA-led programming to help South African firms pick up concessions in conflict-affected countries is misplaced. These issues will surely be fraught with difficulty. Such a commercially focused approach will be controversial in recipient countries and the donor community. Unless carefully and transparently managed, it will lead to allegations that SADPA favours certain South African businesspeople over others due to their perceived elite political connections.

A closer link between supporting PCRCD and resultant commercial openings for South African firms will therefore require clear articulation of the policy rationale (and, in practice, the commercial appeal) of such a link. O'Riordan is right to note that in much of Africa, South Africa (and its private sector) is perceived as an economic, trade, political and even security threat.⁵⁷ SADPA initiatives will not necessarily be any more palatable in recipient countries than those of traditional donors. It may not make a difference to traditional donor's palatability that their projects in other African countries are triangulated or mediated through SAPDA. Pretoria will not necessarily receive preferential treatment over other partners, and may even be treated with greater suspicion than traditional donors.⁵⁸

This is a real risk to SADPA's credibility and to South Africa's reputation in Africa. The risk of South Africa's perceived commercial self-interest outweighing the humanitarian motives behind its PCRDR support partly accounts for why DIRCO is reluctant to engage the private-sector in PCRDR. It faces the policy problem of treating vulnerable post-conflict societies primarily as commercial opportunities. DIRCO's hesitancy is also a manifestation of the ambivalence shown towards big business in parts of the ANC-led alliance.

Instead, SADPA can certainly engage with foreign and South African firms to incentivise developmental activities, but it will need to carefully explore and explain

The trend is towards seeking explicit alignments between commercial goals of business and the national or local development agenda

the mutuality of such relationships. The policy risks are manageable, but Besharati's approach underestimates the serious reputational risk to Pretoria should SADPA explicitly link, as he does, PCRDR to the expectation of commercial opportunities or rewards.⁵⁹ There would be the risk that South African military deployments in the name of pan-African peacekeeping might be seen (fairly or not) as protecting assets or opportunities of commercial value.

States affected by conflict generally welcome investor interest and the development spin-offs from commercial activities. Given the shift towards emphasising economic aspects of diplomacy, South African and global development policy is conducive to SADPA being proactive about engaging the private sector in PCRDR. Authority for such an engaged approach can be found in the AU's African Solidarity Initiative, launched in July 2012 to help member states emerging from conflict. This speaks of efforts to mobilise financial and in-kind contributions of the private sector.⁶⁰ More generally, SADPA, by its very title, is intended to focus on partnerships, while its limited reach and resources require it to be innovative,⁶¹ yet to emphasise local ownership of PCRDR processes.⁶² These factors suggest an open-minded approach to the possible role of private-sector engagement by SADPA in fragile, conflict-affected and post-conflict settings.

Before outlining how SADPA might achieve this, it is instructive to look at the example of one particular country. This case study illustrates both the risks and rewards, in policy terms, of involving business in development objectives.

Comparisons and insights: the case of Brazil

Like many African countries, South Africa looks to Brazil's economic growth and social policies for models. There is also a strong likelihood that DIRCO would look to Brazil's development activities in Africa to inform SADPA's role. The comparison with Brazil is useful because its private-sector engagement and discreet pursuit of strategic commercial interests, alongside its rhetoric of solidarity, are similar to Pretoria's. Brazil projects its development assistance in Africa as demand-driven and involving knowledge transfer, capacity building, use of local labour, project designs based on local needs, the absence of conditions and respect for sovereignty.⁶³ Unlike South Africa, Brazil has not explicitly focused on post-conflict African countries or PCRDR activities, but in reality it has done so given its interests in countries such as Guinea, Angola and Mozambique.



SOUTH AFRICA LOOKS TO BRAZIL'S ECONOMIC GROWTH AND SOCIAL POLICIES FOR MODELS



Since 1987 the Brazilian Cooperation Agency (Agência Brasileira de Cooperação – ABC) has been part of the Ministry of Foreign Affairs. The ABC saw rapid growth in African activities (mainly involving technical cooperation, institution building and skills transfer in agribusiness, social policy and other areas of Brazilian expertise and interest) under the Lula government. Since 2012, however, under President Dilma, the ABC has experienced swinging budget cuts and has had to refuse requests for technical assistance, particularly from some African countries.⁶⁴ In some ways – which can be instructive to SADPA's future role – the ABC's technical cooperation offsets the effect of limited financial resources by harnessing the resources of other Brazilian ministries, avoiding 'hard' infrastructure projects, and through triangulated development partnerships, whereby traditional donors (mainly Japanese) finance Brazilian provision of technical advice and support.

Like Pretoria's vision of economic diplomacy, one aspect of Brazil's approach in Africa has been its self-image of destiny as a leading country, in addition to its genuine poverty-reduction motives. One driver of the ABC's work has been the provision of market penetration for Brazilian business and creating opportunities for Brazilian firms in areas such as agribusiness.⁶⁵ In mid-2013 it was reportedly mooted that the ABC would be incorporated into the Ministry of Development and International Trade, suggesting a stronger emphasis on this market-related driver.⁶⁶ Burges notes that under Dilma a 'more commercially-minded approach to bilateral engagement' has been adopted. Within the ministry of trade, a technical group has been formed to study economic relations with Africa, coordinate Brazilian government action, and encourage more trade and investment.⁶⁷ Burges describes how Brazil's approach has shifted: whereas under Lula, the government had worked to pull Brazilian firms towards Africa, the Dilma government expects its businesses (including state-owned enterprises) to lead the way, with the ABC following in support to help maximise (and smooth out) the development impact of Brazilian investment.

Far from being perceived as improper, this growing emphasis of the ABC on development assistance that delivers mutual economic advantage may well be welcomed by African partner countries. However, for historical and political reasons there are obvious limits to analogies between the ABC and SADPA, which might detract from the argument that Pretoria could also pursue an explicit mutual economic agenda through SADPA – one that promotes the interests of South African firms. It is necessary to develop this point briefly. There is a tendency among South African commentators on the Brazil–Africa link to adopt an uncritical approach, attributing excessive weight

to Brazil's rhetoric on South-South solidarity while insufficiently accounting for the country's commercial rationales for supporting the ABC's work in Africa.

For example, Alvez's 2013 paper on the ABC's activities in Africa contains no discussion of the obvious links between that agency's initiatives and the commercial strategic interests of state-owned Brazilian firms. She notes that Brazil's highest-profile ABC-coordinated project in the African health sector has been a \$23 million antiretroviral programme in Mozambique, and that the Vale Foundation covered 80% of the factory rehabilitation cost in that project. However, Alvez's analysis stops there. There is no comment on the fact that state-owned mining giant Vale has deep interests in Mozambican coal deposits in the Tete Province.⁶⁸ One would have to be naive not to see the relevance of the company's support for the ABC's work there. This is so even if the outcome is one that is welcomed by the host country and commendable in corporate social-investment terms.

Meanwhile, Zondi's commentary on Alvez's work draws a contrast between the ABC and traditional donors by stating that the ABC's assistance 'is not tied to political pre-conditions and power play' – as if Brazil had no pragmatic self-interest in

Brazil's type of engagement in Africa is not fundamentally different from that of other donors

its African engagement. In reality, Brazil's type of engagement in Africa is not fundamentally different from that of other donors. Listing Brazilian development projects, Zondi says that 'other state agencies like Petrobras and Odebrecht are also involved in several other projects in various parts of Africa'.⁶⁹ Yet Zondi makes nothing of the fact that these two entities are major Brazilian state-owned energy and private construction firms, respectively, and not merely technical development arms.

Two main points can be drawn from this that are pertinent to SADPA's role in engaging the private sector, both generally and in PCRD contexts. Firstly, if SADPA sees Brazil's approach in Africa through the ABC as instructive, it is noteworthy that this approach appears to have a fairly clear orientation. That orientation is towards facilitating not just greater economic productivity and trade for recipient countries, but also generating opportunities for Brazilian firms. This is so in general terms (improving the market) and specific terms (improving the social and political palatability of major investments by national firms). Brazil is not simply in Africa to show its South-South fraternity, just as Pretoria's policy in Africa is tied to its national interests. Recipient countries are not likely to find that surprising. SADPA can follow this example, including through triangulated

relationships with traditional donors, and drawing in or supporting South African private-sector interests. However, this approach may not be received in Africa in the same way as Brazil's initiatives have.

This relates to the second point. Although he does not remark on the relevance of the ABC's initiatives to Brazilian firms operating in Africa, Zondi does issue a cautionary note. He observes that Brazil must 'guard against narrow national interests creeping in, turning its cooperation into a mere cover for exploitative economic goals' and avoid using the ABC simply to 'open the way for its commercial enterprises'.⁷⁰

This warning is apposite to SADPA and Pretoria's strategic intentions, as discussed in the previous section. Nevertheless, an important caveat is necessary. An important point is that development-related activities in Africa are not exploitative simply because they are part of the strategies and operations of a for-profit entity. To suggest otherwise is to assume that African countries do not welcome foreign investment, or that all private-sector engagement by development agencies is simply a disguise for commercial interests. Instead, the trend is towards seeking explicit alignments between commercial goals of business and the national or local development agenda. This paper will conclude that SADPA should follow and develop this trend, managing policy risks along the way.

The considerations in the previous two sections (looking at South African and AU policy, and the Brazilian comparison) address the 'why' question of SADPA's engagement with business. The next section turns to the 'how' question of realising this objective.

SADPA and private-sector engagement: modalities

SADPA's main role will be to develop a coherent strategy on what other South African state-owned entities are doing in relation to PCRD in Africa, and coordinating with other donors and development actors. Given the acknowledged significance of inclusive economic revitalisation in consolidating peace or reducing fragility, SADPA should also consider the private sector, including South African firms, foreign firms and host-country enterprises, as development actors with whom to coordinate appropriate activities.⁷¹ This 'appropriateness' element will assume some significance. As the discussion of Brazil's approach reveals, development programming that promotes national (state-owned or private) firms' interests is not necessarily inappropriate and will often provide prospects for job creation and growth in post-conflict

settings. Yet there will be a premium on transparency and communication that emphasises the local benefits of SADPA-facilitated business activity.

The first premise for SADPA must surely be that the organisation has limited resources and political capital, and must be judicious and consultative about its programming intentions and actions. Pretoria has noteworthy foreign-policy objectives in relation to development programming, and some experience in delivering assistance, but lacks the financial means or personnel to realise ambitious development-partnership goals in Africa.⁷²

The African Renaissance Fund, which SADPA will subsume, is unlikely to be allocated more than R500 million (about \$50 million) annually. SADPA will experience the challenges faced by all agencies involved in development generally, PCRD and private-sector engagement. But, unlike DIRCO or established donors' intentions to triangulate OECD aid through BRICS countries to recipient ones, it may face even greater challenges than non-African donors. In particular, it cannot be assumed that Pretoria's officials, purely by virtue of being from an African country themselves, will understand other African countries' and regions' conflict dynamics better than the experienced staff of traditional donors and international institutions, or the personnel of transnational NGOs.⁷³

This suggests that DIRCO and other organisations involved in establishing SADPA ought to develop its strategy by recognising its limited resources and seeking a comparative advantage by coordinating with other, better-resourced and skilled entities, including South Africa's own development-finance institutions. Such an approach would be advantageous given that engaging with local, South African and third-country investors and businesses can have a force-multiplier effect on developmental initiatives. SADPA is unlikely to achieve much impact unless it displays the will and ability to engage at the wider level and in country-specific donor platforms, building local developmental alliances, including ones that involve local and foreign firms in post-conflict settings.

When examining how SADPA might include a private-sector strategy in its PCRD work, it is worth reiterating the three main policy functions that might apply to external actors involved in private-sector programming in fragile and PCRD contexts. Those three activities are helping to develop local businesses, encouraging foreign investment and promoting responsible business practices. These activities are, or should be, seen as interconnected. In particular, where major foreign investment is forthcoming in a post-conflict setting it can help foster local business activity aimed at supplying and servicing the major investor.

SADPA needs to take into account the huge diversity in the private sector. Different industries have different risk appetites, time frames and local footprints, for example.⁷⁴ For some industries (such as construction or security), PCRDR settings give them a particular opportunity, and policymakers will not find it hard to persuade such firms to enter. The issue will then become whether the donor can influence conflict-sensitive business practices around hiring, land and water use, private-security conduct, and so

SADPA could promote awareness and implementation of responsible and conflict-sensitive business practices by South African firms intent on operating in PCRDR and fragile settings

on. Yet most potential investors will need reassurance about political risks and/or help with designing appropriate developmental projects. For meaningful collaboration, the question for SADPA would be, how can it help businesses overcome the challenges they face in conflict-affected settings in a responsible and sustainable manner? Firms' diverse needs and concerns make it important that there are mechanisms for systematic and subjective engagement with policymakers to foster pro-social, pro-peace business activity.

With these points in mind, SADPA could consider at least six sorts of initiatives to cover the various direct and indirect PCRDR roles of private-sector actors:

- **Risk guarantees.** Together with other government institutions and/or major multilateral organisations, SADPA could facilitate provision of financing mechanisms (such as political-risk guarantees), to increase the likelihood that firms will enter risky post-conflict settings and to reduce their financing and insurance costs. Such financial support will require clear explanation, and transparent procedures will be needed to deter abuse of state-backed schemes that favour businesspeople with elite political connections. Given the limited scale of resources, SADPA should arguably not focus on the provision of financial incentives of this sort.
- **Reform and governance.** SADPA could help facilitate (and co-fund with larger donors) the provision, by other South African agencies, of expertise to post-conflict authorities on issues relevant to stimulating or attracting appropriate business activity.⁷⁵ For instance, South Africa has a strong reputation for efficiency and effectiveness in tax assessment and collection. Its officials could help build local capacity to design a business climate and regulatory regimes that incentivise the involvement of business. Given the difficulty of attracting most firms to fragile states, such a regulatory regime would require close consultation with affected business groups. SADPA-facilitated expertise could focus on helping host countries negotiate fiscal and other terms surrounding resources or other investments. South Africa could in this way help attract investment while establishing the regulatory and taxation basis for a self-financing post-conflict state.
- **Leveraging big business.** Assuming a firm is already, or will soon be operating in a post-conflict setting, SADPA could explore how to maximise its developmental impact while reinforcing the firm's social legitimacy and preferred-partner status with the host government. Besharati has argued that Pretoria should engage better with the private sector to align its corporate social responsibility (what he calls 'charity')

THE AFRICAN RENAISSANCE FUND, WHICH SADPA WILL SUBSUME, IS UNLIKELY TO BE ALLOCATED MORE THAN

R500 MILLION

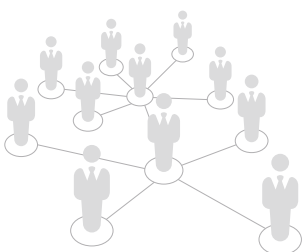
(ABOUT \$50 MILLION) ANNUALLY

work with public-development priorities abroad.⁷⁶ This may be the case, but far greater development potential lies in finding developmental linkages with companies' core business activities, and not their social-investment activities. For instance, Anglo American's procurement budget is over 100 times larger than its social-investment budget. It therefore makes far more sense for the firm, and development actors, to harness some of that procurement funding in ways that develop local

Scaling up the developmental impact of business requires governments to develop transparent and accountable dialogue platforms

enterprises. Deliberate leveraging of core business activities has far more potential developmental impact than corporate social-investment programmes. Firms get to mitigate socio-political risk, build networks of local suppliers and skills providers, and reduce reliance on external supply chains.

- Regulating responsibility.** SADPA could promote awareness and implementation of responsible and conflict-sensitive business practices by South African firms intent on operating in PCRD and fragile settings. SADPA and other agencies can readily draw on the evolving framework for responsible investment and business activity. In particular, the UN Guiding Principles on Business and Human Rights indicate a role for South African state agencies to play in relation to South African firms operating abroad, especially in areas of vulnerability.⁷⁷
- Sharing expertise.** SADPA could become a form of clearing house for various types of expertise that exist within the South African private sector that may be applicable to conflict-affected African areas, and to firms investing there. It could partner with a civil-society organisation, corporate foundation and/or established donor to manage this portal for sharing expertise. In particular, South Africa's private sector has long-established experience of corporate social-investment schemes, which SADPA could help to bring to PCRD settings.⁷⁸ Its public agencies have considerable experience in formal public-private partnerships, which are in vogue with multilateral development banks with a PCRD mandate. SADPA could begin to build a network capable of informing it of the sorts of skills and services that South African business might be able to provide in PCRD. Lucey and O'Riordan have argued that along with universities and research institutes, SADPA should build relationships with South Africa's 'leading private-sector organisations' to start identifying skill sets and services that could benefit its objectives.⁷⁹
- Dialogue platforms.** In settings where it has some advantage in terms of access or preferability to other donors, SADPA could broker public-private dialogue on PCRD in particular countries, including through the aid-coordination platforms envisaged by the New Deal on Fragile States. This role might prove the most significant. Whether in terms of business-regulation reform or finding developmental linkages from core business activities, the problem is often a lack of information. By supporting country-level public-private dialogue platforms, SADPA could help find alignments of interest between local authorities, population groups and business chambers or major investors. For instance, such platforms could look for ways to develop the capacity of local firms so they can act as suppliers to major investors. In this way, SADPA would be using private-sector engagement to promote local private-sector development in PCRD processes. And it would enable initiatives to be designed in



ALONG WITH UNIVERSITIES AND RESEARCH INSTITUTES, SADPA SHOULD BUILD RELATIONSHIPS WITH SOUTH AFRICA'S LEADING PRIVATE-SECTOR ORGANISATIONS

conflict-sensitive ways that do not exacerbate ethnic or other forms of tension through the disproportionate benefiting of certain groups.

Some comment is required on SADPA's role in facilitating the sharing of information about the demand and supply of particular expertise for PCRD. Some expertise might be provided pro bono or it might be funded by foundations or other (triangulated) donors. Yet, in some ways, SADPA would be facilitating private providers seeking opportunities in PCRD settings. In offering to promote the sharing of private-sector expertise for public purposes, it would need to guard against simply acting as a clearing house for consulting contracts for South African and other development experts. This leads to a further reality-check issue. Some businesses will relish PCRD opportunities. By assisting them in transparent ways, SADPA can help promote recovery in affected societies. Yet most firms will be far more circumspect and reluctant about such settings. SADPA cannot beg the private-sector to support efforts to revitalise post-conflict settings or stabilise fragile ones. It must articulate such needs in ways that align with the commercial imperatives of business. Besharati is therefore right to note that while SADPA hopes to receive funding from other sources, such as the private corporate and philanthropic sectors, these actors will have their own strategic interests. They will be looking for a rationale that is related to their return on investment, and 'the [commercial] value of contributing to public goods'. Therefore, awareness of commercial concerns must be better integrated into development cooperation policy.⁸⁰

The sixth point above ('dialogue platforms') may prove the most significant. One of SADPA's most important functions in relation to the private sector's potential role in PCRD will probably be an internal one – to promote a coherent approach among various government departments in relation to the role and interests of business in PCRD activities. It will need to work closely with the Department of Trade and Industry. Besharati notes that government's ability to rally private and public stakeholders towards the same regional development vision is very limited.⁸¹ He rightly calls for the establishment of consultation mechanisms between foreign-affairs officials and the South African private sector.⁸²

The essence of engagement entails a platform for public–private dialogue – in this case, SADPA, the business community, the host government and other donors. Scaling up the developmental impact of business requires governments to develop transparent and accountable dialogue platforms that will engage business in the design and delivery of national development plans. Discussion can help identify developmental bottlenecks holding back the potential for

growth or job creation. Hence the publication of a report this year noting that the policy challenge is to entrench as a 'new normal' a pattern of productive, systematic public–private dialogue and cooperation on development obstacles and goals.⁸³ SADPA will need to develop clearer parameters for such engagement to guard against any suggestion that its policy supports private enterprise over the public interest of South Africans or host-country citizens.

Conclusion

Most businesses require a peaceful environment for them to prosper. On the other hand, to build and maintain peace successfully also requires businesses to prosper. This symbiosis and the various strengths, interests and incentives that private-sector actors can bring to bear underscore a policymaking approach that is open to attracting business to risky places,

The private sector may lack the legitimacy and responsibilities of government, yet it is clearly a major stakeholder in long-term development and stability

harnessing the developmental impact of core business activities, seeking peacebuilding inputs from business actors and regulating conflict-sensitive business practices. As argued elsewhere, the private sector may lack the legitimacy and responsibilities of government, yet it is clearly a major stakeholder in long-term development and stability.⁸⁴

SADPA will find plenty of opportunity to explore how to develop systematic, strategic and appropriate engagement with the business community in pursuit of shared interests and with the consent and benefit of host societies and governments. Should it adopt a policy on private-sector development and engagement, it would do so in an increasingly permissive global development environment that is more pragmatic about public–private collaboration. An approach that seeks to maximise mutual conflict-sensitive economic development gains in post-conflict societies will also align with Pretoria's diplomatic policy shift towards helping increase prosperity in Africa while growing its own economic potential.

Yet the provision and coordination of development assistance in conflict-affected regions is always highly political and contested, even without the private-sector dimension. Any perception, therefore, that SADPA's approach is intended to facilitate South African private-sector or parastatal investment would damage its credibility long before the agency is even launched. Post-conflict private-sector engagement is not about distributing consultancies and concessions, but about local economic

empowerment and derivative developmental impact within an operating regime that is commercially viable. The merits of SADPA engaging business to help deliver the PCRD agenda outweigh the risks, but it will require transparency and reassurance that it is acting in good faith.

Notes

- 1 The two forms of activity (private-sector engagement and private-sector development) are linked. By engaging with established, big and foreign businesses, donors are often in the best position to help build the local private sector by linking the latter to the supply-chain and service needs of the former.
- 2 This paper deals with post-conflict settings, although development policy ought to address fragility more generally. The post-conflict literature is vast. For recent Africa-focused contributions by South African authors, see, generally, Heidi Hudson, *Post-conflict reconstruction and development in Africa*, Cape Town: UCT Press, 2013; Simone Haysom, *Debates in post-conflict development in Africa*, ISS paper no 251, Pretoria: ISS, 2014.
- 3 This paper does not concern itself with illicit economies of conflict, nor with the (typically vital) informal economy, but with formal-sector enterprises with which entities like SADPA might engage. It considers local and foreign state-owned firms within the private sector' where these entities' where they pursue commercial opportunities.
- 4 Often the prevailing macroeconomic environment will be relevant to recovery prospects – for example, for commodity-dependent economies. This paper does not consider such global dynamics.
- 5 The UN's Guiding Principles on Business and Human Rights devotes attention to the responsibilities of home and host states for business conduct in fragile and conflict-affected areas. See A/HRC/17/31, 21 March 2011, Part IB, 7; UNHRC Resolution 17/4, 16 June 2011.
- 6 Again, there is a great deal of literature on this. For a succinct overview, see Robert Lamb, Sadika Hameed and Kathryn Mixon, *Private-sector development in fragile, conflict-affected and violent countries*, Washington DC: CSIS, 2013.
- 7 See A Hoffman, *From 'business as usual' to 'business for peace': Unpacking the conflict-sensitivity narrative*, The Hague: Clingendael Institute, 2014.
- 8 See Jolyon Ford, *Engaging the private sector in Africa's peaceful development*, ISS policy brief no 55, Pretoria: ISS, 2014.
- 9 Jolyon Ford, *Regulating business for peace*, Cambridge University Press (forthcoming 2015).
- 10 See Lauren Hutton, *Internal and external dilemmas of peacebuilding in Africa*, ISS paper no 250, Pretoria: ISS, 2014.
- 11 Ford (forthcoming 2015), Ch. 1.
- 12 See the declaration of the fourth High-Level Forum on Aid Effectiveness, Busan, 1 December 2011, 3. See also www.pbsdialogue.org/ and www.g7plus.org/new-deal-document. The New Deal omits the private sector, but the Busan Declaration explicitly recognises the private sector's significance to development goals.
- 13 Final Consensus Statement of the Global Partnership for Effective Development Cooperation, Mexico City, 16 April 2014, 16; 31–34; see also the Busan Declaration, referenced above.
- 14 A new global partnership, www.post2015hlp.org/the-report. For an early report into the private sector's development role in Africa, see United Nations Office of the Special Adviser on Africa, *The contribution of the private sector to NEPAD*, New York, 2006. Principle XI of the Charter on Public–Private Dialogue in Development is devoted to emphasising the particular value of cross-sector engagement and cooperation in post-conflict and crisis environments, see Charter Done by Consensus at the first International Conference on Public–Private Dialogue, Paris, 2006.
- 15 See A/67/499-S/2012/746, 8 October 2012.
- 16 For an overview of donor policies on engaging the private sector, see, for example, Shannon Kindornay and Fraser Reilly-King, *Investing in the business of development*, Ottawa: NSI/CCIC, 2013.
- 17 For an accessible overview of the tone and nature of these criticisms, see Brian Tomlinson (ed.) *Aid and the private sector: Catalysing poverty reduction and development? The Reality of Aid International Coordinating Committee Report*, Manila: IBON, 2012.
- 18 See Jolyon Ford, *Engaging the private sector in Africa's peaceful development*, ISS policy brief no 55, Pretoria: ISS, 2014.
- 19 Ibid.
- 20 South Africa Government, *White Paper on South Africa's foreign policy*, Pretoria, 2011, 20–23, www.safpi.org/sites/default/files/publications/white_paper_on_sa_foreign_policy-building_a_better_world_20110513.pdf.
- 21 For one version of the history of South Africa's post-1994 development and PCRD initiatives in Africa, see Neissan Besharati, *South African Development Partnership Agency: Strategic aid or development*

- packages for Africa?* Report no 12 (Economic Diplomacy), Pretoria: SAILA, 2013, 17–22.
- 22 African Union, PCRD Framework, Addis Ababa, 2006, www.peaceau.org/uploads/pcrd-policyframwovork-eng.pdf; see also Amanda Lucey and Sibongile Gida, Enhancing South Africa's post-conflict development role in the African Union, ISS paper no 256, Pretoria: ISS, 2014, 3 ff. The institutional architecture of the AU peace and conflict system has no real capacity to coordinate PCRD.
 - 23 See Articles 14–16 of the protocol, www.au.int/en/sites/default/files/Protocol_peace_and_security.pdf.
 - 24 See Amanda Lucey and Sibongile Gida, Enhancing South Africa's post-conflict development role in the African Union, ISS paper no 256, Pretoria: ISS, 2014, 9.
 - 25 *Ibid.*, in reference to South Africa's 2014 defence-policy review.
 - 26 Amanda Lucey and Alex O'Riordan, South Africa and aid effectiveness: Lessons for SADPA, ISS paper no 252, Pretoria: ISS, 2014, 6, 9; see also Neissan Besharati, *South African Development Partnership Agency: Strategic aid or development packages for Africa?* Report no 12 (Economic Diplomacy), Pretoria: SAILA, 2013, 28–29. On the wider rationale for SADPA, see, for example, Neissan Besharati, *South African Development Partnership Agency: Strategic aid or development packages for Africa?* Report no 12 (Economic Diplomacy), Pretoria: SAILA, 2013, 31 ff, and the works referenced below.
 - 27 For a critical take, see Laurie Nathan, *African solutions to African problems: South Africa's foreign policy*, report no 53, Pretoria: SAILA, 2013.
 - 28 Alexander O'Riordan, South Africa seems woefully unprepared to become a donor, policy brief no 47, Pretoria: SAFPI, September 2013; Alexander O'Riordan, South Africa north of the border: Options for SADPA, policy brief no 41, Pretoria: SAFPI, July 2013.
 - 29 See Amanda Lucey and Alex O'Riordan, South Africa and aid effectiveness: Lessons for SADPA, ISS paper no 252, Pretoria: ISS, 2014.
 - 30 O'Riordan observes that South Africa has not been particularly heavily involved in the OECD-led aid effectiveness debates, either globally or in individual countries, see Alexander O'Riordan, South Africa seems woefully unprepared to become a donor, policy brief no 47, Pretoria: SAFPI, September 2013; Alexander O'Riordan, South Africa north of the border: Options for SADPA, policy brief no 41, Pretoria: SAFPI, July 2013.
 - 31 This is one finding of the various papers produced in the ISS research project by Cheryl Hendricks and Amanda Lucey, Enhancing South Africa's post-conflict development and peacebuilding activity in Africa, Pretoria: ISS 2013.
 - 32 See, generally, Antoinette Valsalmakis, The role of business in South Africa's post-apartheid economic diplomacy, PhD thesis, University of Birmingham, May 2012. See also Tim Hughes, Working for development in southern Africa: Bridging the gap between business and government, paper no 114, Pretoria, South African Institute for International Affairs, 2011.
 - 33 See Neissan Besharati, *South African Development Partnership Agency: Strategic aid or development packages for Africa?* Report no 12 (Economic Diplomacy), Pretoria: SAILA, 2013.
 - 34 See Parliament of South Africa, Report of the Portfolio Committee on International Relations and Cooperation (tabling of report dated 19 August 2012 of a March 2012 report on foreign policy and business in Africa), www.safpi.org/sites/default/files/publications/IRportfoliocommitteeSAinc.pdf.
 - 35 Siphamandla Zondi, Options for guiding the conduct of SA Inc., on the African continent, policy brief no 13, Pretoria: SAFPI, 2012, 1–2.
 - 36 The DTI is likely to be an important internal player, along with the private sector, pushing for SADPA's strategy to include fostering private-sector linkages and acting as a pathfinder to South African investment.
 - 37 Siphamandla Zondi, Options for guiding the conduct of SA Inc., on the African continent, policy brief no 13, Pretoria: SAFPI, 2012, 2–3.
 - 38 *Ibid.*, 5–6, including some options for influencing responsible South African business in Africa.
 - 39 See, for example, Amanda Lucey and Sibongile Gida, Enhancing South Africa's post-conflict development role in the African Union, ISS paper no 256, Pretoria: ISS, 2014, 7–8.
 - 40 Neissan Besharati, *South African Development Partnership Agency: Strategic aid or development packages for Africa?* Report no 12 (Economic Diplomacy), Pretoria: SAILA, 2013, 23.
 - 41 Amanda Lucey and Sibongile Gida, Enhancing South Africa's post-conflict development role in the African Union, ISS paper no 256, Pretoria: ISS, 2014, 11.
 - 42 As Lucey and Gida (*ibid.*) note, this strategy not to prioritise economic engagement (including private-sector development and engaging business) 'seems somewhat naïve and at odds with [potential recipient country] demands.'
 - 43 *Ibid.*
 - 44 Amanda Lucey and Alex O'Riordan, South Africa and aid effectiveness: Lessons for SADPA, ISS paper no 252, Pretoria: ISS, 2014, 5.
 - 45 Siphamandla Zondi, Options for guiding the conduct of SA Inc., on the African continent, policy brief no 13, Pretoria: SAFPI, 2012, 2.
 - 46 Alexander O'Riordan, South Africa north of the border: Options for SADPA, policy brief no 41, Pretoria: SAFPI, July 2013, 2–3.
 - 47 National Planning Commission, National Development Plan 2030: Our Future: Make it Work, Pretoria, 2013, 238–239, www.npconline.co.za.
 - 48 See Parliament of South Africa, Report of the Portfolio Committee on International Relations and Cooperation (tabling of report dated 19 August 2012 of a March 2012 report on foreign policy and business in Africa), www.safpi.org/sites/default/files/publications/IRportfoliocommitteeSAinc.pdf.
 - 49 Neissan Besharati, *South African Development Partnership Agency: Strategic aid or development packages for Africa?* Report no 12 (Economic Diplomacy), Pretoria: SAILA, 2013, 26.
 - 50 *Ibid.* Besharati 2013. Later (at 46) in the context of public procurement, Besharati does acknowledge the potential controversies here, noting the risk of SADPA initiatives that 'fuel commercial gain that benefits mainly elite capitalist groups but does not contribute to pro-poor development'.
 - 51 *Ibid.*, 26.
 - 52 *Ibid.*
 - 53 *Ibid.*, 26–7.
 - 54 *Ibid.*, 26–7.
 - 55 He cites business, the DTI and the Development Bank of South Africa.
 - 56 Neissan Besharati, *South African Development Partnership Agency: Strategic aid or development packages for Africa?* Report no 12 (Economic Diplomacy), Pretoria: SAILA, 2013, 54.
 - 57 Alexander O'Riordan, South Africa north of the border: Options for SADPA, policy brief no 41, Pretoria: SAFPI, July 2013, 3.
 - 58 *Ibid.*
 - 59 The potential controversy could also raise reputational risks for firms involved in such relationships.
 - 60 AU, Resolution of the 19th Ordinary Session of the Assembly of Heads of State and Government, July 2012, www.peaceau.org/en/topic/the-african-solidarity-initiative-asi. The resolution only mentions African institutions. It is the concept note produced for the initiative that mentions the private sector as a potential partner, see www.peaceau.org/uploads/au-dec-425-xix-en.pdf.
 - 61 In terms of innovation, see Amanda Lucey and Sibongile Gida, Enhancing South Africa's post-conflict development role in the African Union, ISS paper no 256, Pretoria: ISS, 2014, note 61.

- 62 For a succinct overview of the significance that SADPA should place on local ownership of development processes, see Amanda Lucey and Alex O’Riordan, South Africa and aid effectiveness: Lessons for SADPA, ISS paper no 252, Pretoria: ISS, 2014, 8–9.
- 63 For an overview, see Ana Cristina Alvez, Brazil–Africa technical cooperation: Structure, achievements and challenges, policy brief no 69, Pretoria: SAIIA, 2013.
- 64 See Sean Burges, Brazilian development cooperation: Here to stay, but how long? DevPolicy blog-post (Canberra), 5 March 2014, <http://devpolicy.org/brazilian-development-cooperation-here-to-stay-but-how-strong-20140305>.
- 65 Ibid.
- 66 Ibid. It appears that the ABC will remain within Brazil’s Ministry of Foreign Affairs, but with closer links to other departments responsible for trade and investment.
- 67 Ibid.
- 68 Ana Cristina Alvez, Brazil–Africa technical cooperation: Structure, achievements and challenges, policy brief no 69, Pretoria: SAIIA, 2013.
- 69 Siphamandla Zondi, Brazil and Africa: Cooperation for endogenous development? *Global Insight*, 101, Pretoria: Institute for Global Dialogue, 2013, 3.
- 70 Ibid.
- 71 SADPA should include South African state-owned enterprises in this conceptualisation, where they are operating in fragile African states as commercial (for-profit) equity investors or service providers.
- 72 See Alexander O’Riordan, South Africa north of the border: Options for SADPA, policy brief no 41, Pretoria: SAFPI, July 2013. Elsewhere, O’Riordan argues that there is no evidence for the view that South Africa’s expertise is superior to that of traditional donors, or that African peers seek help in replicating South Africa’s developmental model, see Alexander O’Riordan, South Africa seems woefully unprepared to become a donor, policy brief no 47, Pretoria: SAFPI, September 2013, 1.
- 73 Lucey and O’Riordan also note the risk that SADPA projects that are not relevant or contextualised will erode its reputation, supporting the suspicion that ‘it knows no more about Africa than any other foreign donor or development partner’, see Amanda Lucey and Alex O’Riordan, South Africa and aid effectiveness: Lessons for SADPA, ISS paper no 252, Pretoria: ISS, 2014, 10. Besharati acknowledges that South Africans cannot claim a better understanding of the continent’s myriad dynamics than traditional donors, see Neissan Besharati, *South African Development Partnership Agency: Strategic aid or development packages for Africa?* Report no 12 (Economic Diplomacy), Pretoria: SAIIA, 2013.
- 74 In addition to sectoral diversity, even within a particular sector, different firms can display very different approaches to issues such as political risk.
- 75 SADPA could source this expertise from South African private firms. However, the notion of SADPA facilitating private-sector activity in post-conflict settings does not entail SADPA simply becoming a booking agency for private-consultancy contracts for South African providers.
- 76 Neissan Besharati, *South African Development Partnership Agency: Strategic aid or development packages for Africa?* Report no 12 (Economic Diplomacy), Pretoria: SAIIA, 2013, 42.
- 77 UN Guiding Principles on Business and Human Rights devotes attention to the responsibilities of home and host states for business conduct in fragile and conflict-affected areas, UNHRC Resolution 17/4, 16 June 2011.
- 78 Neissan Besharati, *South African Development Partnership Agency: Strategic aid or development packages for Africa?* Report no 12 (Economic Diplomacy), Pretoria: SAIIA, 2013, 42.
- 79 See Amanda Lucey and Alex O’Riordan, South Africa and aid effectiveness: Lessons for SADPA, ISS paper no 252, Pretoria: ISS, 2014, 6–8. One of these linkages may be for SADPA (and DIRCO) to draw from the analytical capacity of private firms with experience of the political and business dynamics of a potential programme country.
- 80 Neissan Besharati, *South African Development Partnership Agency: Strategic aid or development packages for Africa?* Report no 12 (Economic Diplomacy), Pretoria: SAIIA, 2013, 40–43.
- 81 Ibid., 26–27.
- 82 Ibid., 43.
- 83 See *Unleashing the power of business: A practical roadmap to systematically scale-up the engagement of business as a partner in development*, Oxford: The Partnering Initiative, 2014, www.bpdroadmap.org/.
- 84 Jolyon Ford, Engaging the private sector in Africa’s peaceful development, ISS policy brief no 55, Pretoria: ISS, 2014.



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