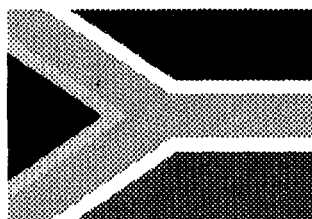


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USAID/SOUTH AFRICA BRIEFING BOOK



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ACRONYMS

ANC	African National Congress
AOJ	Administration of Justice
CBO	Community Based Organization
CSP	Country Strategic Plan
DFA	Development Fund for Africa
DOH	Department of Health
EQUITY	Equity in Intergrated Primary Health Care Project
EU	European Union
GDP	Gross Domestic Product
HBCU	Historically Black Colleges and Universities
HDI	Historically Disadvantaged Institutions
HG	Housing Guaranty
MOJ	Ministry of Justice
NGO	Non-Governmental Organization
NPI	New Partnership Initiative
ODA	Official Development Assistance
PHC	Primary Health Care
PVO	Private Voluntary Organization
RDP	Reconstruction and Development Program
SME	Small and Medium Enterprises
TELP	Tertiary Education Linkages Project
UNDP	United Nations Development Program

PROJECTS:

BPED	Black Private Enterprise Development	674-0303
COLD	Community Outreach/Leadership Development	674-0301
EQUITY	Equity in Health	674-0320
ESAT	Educational Support and Training	674-0302
LUT	Labor Union Training	674-0223
SAB	South African Bursaries Program	674-0230
SABER	South African Basic Education Reconstruction	674-0314
SBLG	Small Business Loan Guarantee	
SEGA	Support for Economic Growth and Analysis	
SELF-HELP	Self Help Support Community Dev. Fund	674-0304
STEP	Support for Tertiary Education	674-0309
SUDS	Shelter and Urban Development Support	674-0312
TELP	Tertiary Education Linkages Project	674-0315
TSF	Transition Support Fund	674-0318

TABLE OF CONTENTS

I.	INTRODUCTION	Page 1
II.	SOUTH AFRICAN CONTEXT: The Reconstruction and Development	Page 3
III.	LONG-TERM CHALLENGES IN SOUTH AFRICA	Page 3
IV.	USAID PROGRAM CHANGES SINCE THE ELECTION	Page 4
V.	FUTURE USAID PROGRAM	Page 5
VI.	RESULTS FRAMEWORK	Page 6
VII.	SIX STRATEGIC OBJECTIVES	Page 7

TABLES

TABLE 1:	USAID/SOUTH AFRICAN FUNDING LEVELS (1985- 997)	Page 1
TABLE 2:	THE CLINTON PLEDGE AT A GLANCE	Page 2
TABLE 3:	USAID/SOUTH AFRICA OBLIGATION LEVELS BY STRATEGIC OBJECTIVE, 1996	Page 12
TABLE 4:	BILATERAL AGREEMENTS FYs 1994-1996	Page 14
TABLE 5:	USAID/SOUTH AFRICA SUMMARY PROJECT DATA SHEET	Page 16

I. INTRODUCTION

Less than ten years ago, South Africa was in the throes of political struggle and domestic unrest which prompted most countries of the world to impose economic sanctions to press for the end of apartheid. U.S. sanctions were accompanied by expansion of U.S. foreign assistance to South Africa, which grew from \$7 million in FY 85 to \$80 million in FY 93. This assistance was focused on strengthening the majority population to eventually assume leadership roles in a democratic South Africa.

**TABLE 1: USAID/SOUTH AFRICA FUNDING LEVELS
(1985 - 1997)**

FISCAL YEAR[†]	GRANT	GUARANTEE	TOTAL OBLIGATIONS^{††}
1997	\$80.0 million	To be determined	
1996	\$120.6 million	\$42.9 million	\$163.5 million (actual)
1995	\$122.9 million (Includes \$2.9 million from Global Bureau)	\$64.0 million	\$186.9 million (actual)
1994	\$131.0 million	\$81.0 million	\$212.0 million
1993	\$80.0 million		\$80.0 million
1992	\$80.0 million		\$80.0 million
1991	\$50.0 million		\$50.0 million
1990	\$32.9 million		\$32.9 million
1989	\$32.8 million		\$32.8 million
1988	\$25.4 million		\$25.4 million
1987	\$15.5 million		\$15.5 million
1986	\$14.1 million		\$14.1 million
1985	\$7.0 million		\$7.0 million
Total	\$779.3 million	\$204.9 million	\$867.3 million

U.S. fiscal year: October 1 - September 30.

[†] Funds obligated in one year are used to implement activities in that year in and in subsequent years

In April 1994 South Africa entered a new stage of nonracial democracy with the election of Nelson Mandela as President. To support that change and to help redress the social and economic legacies of apartheid, President Clinton committed the U.S. to an approximate doubling of U.S. assistance over the period FY 94 - FY 96 (see Table 2). All funds for this pledge period have been obligated and implementation of program activities is continuing. This program, carried out in close consultation with other members of the U.S. Mission such as United States Information Service (USIS) and the Department of State, is now fully funded. The Mission is now working under a 10 year strategy for sustainable transformation in South Africa (See section VI).

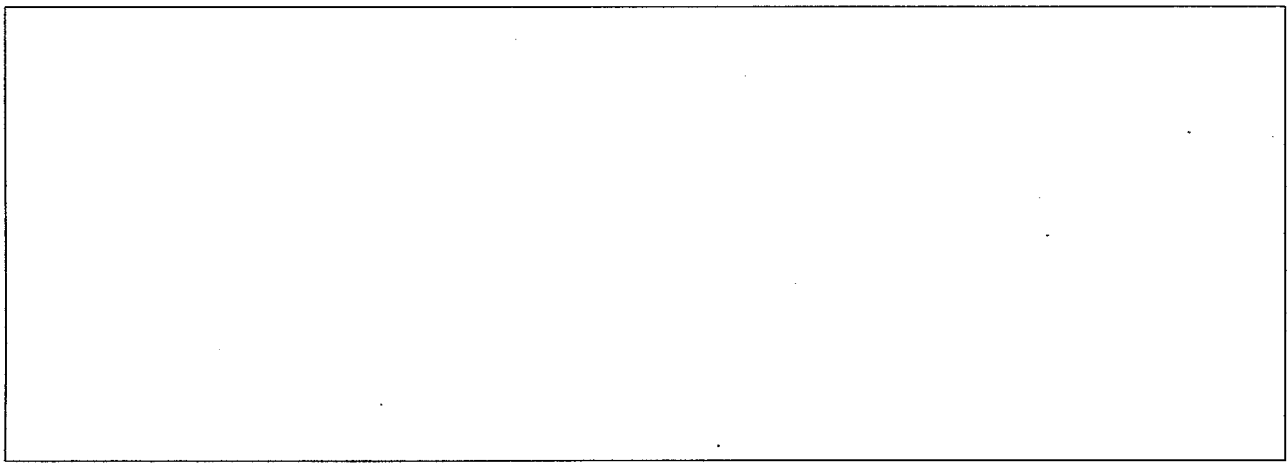
TABLE 2: THE CLINTON PLEDGE AT A GLANCE

THE CLINTON PLEDGE AT A GLANCE

Strategic Objective	Project Number	Project Name	FY 94 Actual Obligation	FY 94 As % Of Total 94	FY95 Actual Obligation	FY 95 As % of Total 95	FY 96 Actual	FY 96 As % of Total 96	Total Projected FY 94-96	FY94-96 as a % Of total Prog	OBLIGATED TO DATE 94-95
	1	674-0318 Transition Support Fund	9,000,000		4,696,000		420,000		14,116,000		13,696,000
	1	674-0305 Human Rights Support	0		0		0		0		0
	1	674-0223 Labor Union Training	2,500,000		0		0		2,500,000		2,500,000
	1	674-0310 Transition to Democracy	200,000		0		0		200,000		200,000
	1	674-0301 Community Outreach and Leadership Dev.	51,500,000		19,000,000		23,703,280		94,203,280		70,500,000
	1	674-0318 Transition Support Staff					0		0		0
	1	Democracy and Governance					0		0		0
		Global Evaluation Support	0		85,000		0		85,000		85,000
		TOTAL SG 1 - "Political Empowerment"	63,200,000	79.84%	23,781,000	12.72%	24,123,280	14.77%	111,104,280	19.85%	86,981,000
											0
	2	674-0318 Transition Support Fund	0		0		776,000				
	2	674-0302 Educational Support and Training	5,500,000		5,000,000		10,200,000		20,700,000		10,500,000
	2	674-0230 So. African Bursaries Program	0		0		0		0		0
	2	674-0309 Support to Tertiary Education	24,300,000		15,500,000		9,700,000		49,500,000		39,800,000
	2	674-0318 International Foundation for Education and Self Help			500,000				500,000		500,000
	2	674-0213 Training of Disadvantaged So. Africans	0		0		0		0		0
	2	674-0315 Tertiary Education Linkages	300,000		10,000,000		10,000,000		20,300,000		10,300,000
	2	674-0314 So. Africa Basic Ed. Reconstruction	9,100,000		8,000,000		13,668,000		30,768,000		17,100,000
		TOTAL SG 2 - "Integration of the Education System"	19,200,000	18.82%	39,000,000	20.87%	44,244,000	17.14%	141,768,000	21.74%	79,200,000
											0
	3	674-0318 Transition Support Fund					252,000				
	3	674-0301 Community Outreach and Leadership Dev			3,500,000		0		3,500,000		3,500,000
	3	674-0320 Equity in Health	0		8,000,000		14,100,000		22,100,000		8,000,000
	3	Global Bureau Bridging Support			2,800,000				2,800,000		2,800,000
		TOTAL SG 3 - "Integrated Primary Health Care"	0	0.00%	14,300,000	7.65%	14,352,000	8.28%	28,652,000	8.67%	14,300,000
											0
	4	674-0318 Transition Support Fund	0		1,000,000		503,000		1,503,000		1,000,000
	4	674-0318 Support for Economic Growth and Analysis	0		0		4,800,000		4,800,000		0
		TOTAL SG 4 - "Economic Capacity for Development"	0	0.00%	1,000,000	0.54%	5,303,000	3.45%	6,303,000	1.13%	1,000,000
											0
	5	674-0318 Transition Support Fund					262,000				
	5	674-0303 Black Private Enterprise Dev. *	15,579,000		15,000,000		14,700,000		45,279,000		30,579,000
	5	940-3024 Small Business Loan Portfolio Guarantee	3,000,000		6,000,000		6,000,000		15,000,000		9,000,000
	5	Enhanced Credit Program/Coverage							0		0
		TOTAL SG 5 - "Private Sector Development"	18,579,000	8.78%	21,000,000	11.14%	20,702,000	11.81%	60,279,000	10.77%	49,579,000
											0
	6	674-0318 Transition Support Fund					287,000				
	6	674-0312 Shelter and Urban Development Support	15,200,000		7,500,000		16,100,000		38,800,000		22,700,000
	6	674-HG-0 Private Sector Housing Guarantee	75,000,000		0		0		75,000,000		75,000,000
	6	674-HG-0 Basic Shelter Housing Guarantee	0		58,000,000		36,900,000		94,900,000		58,000,000
	6	674-HG-0 Municipal Environmental Development*	0		0		0		0		0
		TOTAL SG 6 - "Housing and Urban Development"	90,200,000	41.61%	65,500,000	35.07%	53,287,000	31.63%	208,700,000	37.38%	155,700,000
											0
		674-0318 Program Development & Support	0		1,800,000				1,800,000		1,800,000
		674-0304 Self Help Support Community Development Fund	500,000		500,000		500,000		1,500,000		1,000,000
		TOTAL OTHER	500,000	0.24%	2,300,000	1.23%	1,500,000	0.93%	3,800,000	0.63%	1,800,000
	3	674AFEP So. Africa Enterprise Fund	0		20,000,000				20,000,000		20,000,000
		TOTAL South Africa Enterprise Fund	0	0	20,000,000	10.78%	0	0.98%	20,000,000	1.79%	20,000,000
		Total Program	211,679,000		186,881,000		163,371,280		559,854,280		398,560,000
		Total Program as % of Clinton Pledge	40.09%		35.39%		30.94%		106.03%		
		CLINTON PLEDGE							578,000,000		

CLINTON PLEDGE - The total pledge was \$600,000,000.00 of which AID contributed \$528,000,000.00
 * The Municipal Environmental Development Housing Guarantee (HG) was originally planned for \$50 million
 it now appears that available funding will only be sufficient to generate \$10-15 million in HG

2A



X AXIS	programmed	low option
95	120,000,000	120,000,000
96	120,000,000	120,000,000
97	100,000,000	100,000,000
98	80,000,000	60,000,000
99	54,200,000	60,000,000
00	54,350,000	50,000,000
01	40,700,000	20,000,000
02	30,700,000	
03	15,700,000	
04	8,700,000	
05	4,700,000	

24

II. SOUTH AFRICAN CONTEXT: The Reconstruction and Development

South Africa's new political leaders are working hard to establish a culture of participation and to build political consensus within the Government of National Unity (GNU) on policy and development goals. They have achieved remarkable success in allaying the fears of the minority population and building cooperation across political party lines at the national, provincial, and local levels. This progress has not been without problems, however, especially over issues of provincial powers. In addition to maintaining a broad political coalition, the GNU has been widely applauded for instituting market-oriented and fiscally-conservative economic policies and looking to long-term growth as the main vehicle for black upliftment. Job creation will be maximized in conjunction with infrastructure provision.

Goals of the Reconstruction and Development Program (RDP) include:

- Consolidating democracy and reforming the civil service.
- Spurring economic growth and job creation by policies conducive to growth and the private sector while maintaining fiscal discipline.
- Meeting the tremendous needs of the majority population in education, housing, health and other areas within the constraints of responsible economic policy.

The RDP represents the GNU's national vision for catalyzing popular participation in South Africa's transformation to sustainable development. It aims to help the poor and to involve them in their own development. The RDP puts a premium on community involvement and grassroots participation (*symbolized by the Masakhane campaign: Building Together Now*). It also calls for cooperative efforts by the GNU, civil society, business, and labor.

III. LONG-TERM CHALLENGES IN SOUTH AFRICA

USAID/South Africa has shaped its future assistance program around support for the Government of National Unity's (GNU) Reconstruction and Development Program (RDP) and four long-term challenges facing South Africa:

Democratic Consolidation. Supporting the country's efforts to consolidate democracy and improve the quality of governance. This involves working with government and civil society in making the new democratic institutions viable and secure, making a successful transition to full majority rule in 1999, and making the public service more representative and effective as a vehicle for implementing the RDP.

Equity of Services. Encouraging sufficient progress on improving services to the disadvantaged population in education, health, housing, and other areas so that popular expectations are not fundamentally disappointed. Detailed studies of public opinion in the disadvantaged population indicate that "people in the street" do not have unrealistically high expectations. However, the GNU does have to demonstrate visible progress on basic services delivery if it is to maintain long-term political

support. This means that the GNU will have to achieve a higher, sustained pace of delivery than the RDP has achieved to date.

Economic Reform. Supporting the development of consensus and analytical/implementation capacity on economic policy and regulatory changes to achieve higher, sustained economic growth. Current growth of approximately 3 percent per year is not sustainable without significant structural reform and is not enough to reduce South Africa's high unemployment, which is concentrated in the majority population. However, this will require difficult changes over a period of years. These changes will not be easy for a new government to lead.

Broadening Asset Ownership. Encouraging expanded participation in the private sector and ownership of businesses, houses, and other assets by the disadvantaged majority so that the benefits of growth are spread more equitably within South African society. If a political base for market-oriented economic policies is to be built and maintained in a country with South Africa's extensive inequality and legacies of exclusion, it is essential that economic access and participation be expanded.

IV. USAID PROGRAM CHANGES SINCE THE ELECTION

The USAID program in South Africa has changed significantly since the 1994 election and the inauguration of the GNU (which ended the earlier U.S. prohibition on working with Government and Government-funded entities). New or redirected program areas include:

Democracy/Governance: New post-elections training of political parties; training for legislators; a new administration of justice program with the Ministry of Justice; increased emphasis on violence prevention; and a new public administration/governance program (focused on the new provinces).

Education and Health: support to the National RDP Office and to provinces on education policy and institutional changes; support to historically disadvantaged universities and technikons; major bilateral agreements with the GNU on basic education policy and delivery models; and a new health project with the GNU to develop and demonstrate a model of sustainable primary health care in Eastern Cape Province.

Economic Development: expanded support for local research on economic policy issues; intensified support for disadvantaged¹ business organizations trying to influence the regulatory environment; new work with the GNU on the enabling environment for small and medium enterprises; and work with the national Ministry of Housing and several

¹"Disadvantaged" is used in this document to refer collectively to South African individuals of African, Colored, or Asian (Indian) decent. These groups which comprise the majority population are also referred to as "historically disadvantaged" by apartheid or the undeserved population.

provinces on maximizing the role of the private sector in increasing access to capital for provision of housing and urban services.

V. FUTURE USAID PROGRAM

Since the advent of the GNU, USAID/South Africa has worked to ensure that our future assistance will be fully supportive of the RDP. Based on (a) extensive dialogue with the GNU at various levels, (b) extensive coordination with other international donors in various fora, and (c) careful joint review and assessment of our past assistance activities with the non-governmental organizations and private sector communities, we believe that the overall goal of the USAID program over the next ten years should be sustainable transformation. Sustainable means:

Assisting South Africa through the point where democracy is sufficiently consolidated, basic system and policies for social service delivery are in place, processes of institutional change and the development of management and technical capacity are far enough along so that there is reasonable confidence that South Africa's majority population is on a course to sustainable political, economic, and social development.

Sustainable transformation does not mean the actual attainment of that development.

A vital element of transformation is increasing participation and empowerment of the majority population -- the sub-goal of future USAID assistance. Apartheid was a top-down system in which most aspects of life of the majority population were decided by the minority government. The GNU does not what to just change the faces of government leaders making decisions for the people, but to include the people in decision-making so that they can ensure government programs are responsive to their needs, hold the government accountable for performance, and add their own energies and involvement.

The role of foreign assistance under this concept is not to become a principal driver of development, but to provide supplementary help that catalyzes and supports internal processes. In those limited cases in which such assistance supports services delivery, it is as a means to the end of policy or system change.

Program strategic principles that will guide development and implementation of the future USAID assistance include (a) participation, (b) sustainability, (c) appropriate linkages with USAID regional and global initiatives, and (d) measuring for results. We have applied and will continue to apply various mechanisms to ensure that participation is broad and effective. This will help ensure that our program contributes to sustaining the transformation and development process.

VI. RESULTS FRAMEWORK

**USAID/South Africa COUNTRY STRATEGY PLAN
STRATEGIC OBJECTIVES AND RESULTS FRAMEWORK**

GOAL: SUSTAINABLE TRANSFORMATION
Improved Human Development Index (literacy, life expectancy, years of schooling, purchasing power)
Improved human resource base

SUB-GOAL: POLITICAL, ECONOMIC, AND SOCIAL EMPOWERMENT
Improved political rights and civil liberties
Improved political participation
Improved educational status
Improved health status
Improved economic growth and equity

**I.S01: DEMOCRACY/
GOVERNANCE (D/G)**

**DEMOCRACY,
GOVERNANCE, AND
CAPACITY FOR
PARTICIPATORY
DEVELOPMENT
STRENGTHENED**

S02: EDUCATION

**IMPROVED POLICIES,
SUB-SYSTEMS, AND
CAPACITIES FOR A
TRANSFORMED
EDUCATION STRATEGY**

S03: HEALTH

**MORE EQUITABLE,
UNIFIED, AND
SUSTAINABLE SYSTEM
DELIVERING INTEGRATED
PRIMARY HEALTH CARE
SERVICES TO ALL SOUTH
AFRICANS**

**S04: ECONOMIC POLICY
CAPACITY**

**IMPROVED CAPACITY OF
KEY GOVERNMENT AND
NGO ENTITIES TO
FORMULATE, EVALUATE
AND IMPLEMENT
ECONOMIC POLICIES TO
PROMOTE ECONOMIC
GROWTH AND EQUITY**

**S05: PRIVATE SECTOR
DEVELOPMENT**

**INCREASED ACCESS TO
FINANCIAL MARKETS
FOR THE HISTORICALLY
DISADVANTAGED
POPULATION**

**S06: SHELTER AND
URBAN SERVICES**

**IMPROVED ACCESS TO
ENVIRONMENTALLY
SUSTAINABLE SHELTER
AND URBAN SERVICES
FOR THE HISTORICALLY
DISADVANTAGED
POPULATION (HDP)**

VII. SIX STRATEGIC OBJECTIVES

In developing proposals for a future program, we considered GNU plans under the RDP, areas important for sustainable transformation, the Mission's experience and comparative advantage, and what we thought we could realistically aim to accomplish within reasonable bounds of program duration and funding levels. This led us to focus on six strategic objectives (SOs) in the following areas:

SO 1. Democracy and Governance. Help consolidate democratic governance -- elections, parties, parliament, human rights/administration of justice; reduce and mitigate violence; and strengthen civil society; and support reform of the public service to make it more representative and effective (particularly in RDP implementation in the provinces).

SO 2. Education. Support the development of new policies, systems, and capacities for the integration of the education system -- disseminate models in basic education; assist historically disadvantaged institutions of tertiary education (HDIs, universities and technikons) to build faculty capacity, establish "centers of excellence" in specific areas, and improve the quality of education; and fund short term and degree training in the U.S. and in South Africa.

SO 3. Health. Support the development of a unified system to provide integrated primary health care services to undeserved populations. USAID/SA's new health sector initiatives focuses on providing support to the GNU to restructure and rationalize the present health care system to ensure equitable access to essential health care services for all South Africans.

SO 4. Economic Policy Capacity. Support South Africa's determination to lead its own economic reform and to bolster both public and private efforts to this end.

SO 5. Private Sector Development. Help increase opportunities for access and ownership of assets while supporting the necessary overall economic growth and development -- exposure to outside ideas on economic policy; assist disadvantaged South Africans to increase ownership, access capital, and participate in private business.

SO 6. Shelter and Urban Services. Improving access to environmentally sustainable urban services for disadvantaged South Africans through: an improved policy environment, increased capacity of HDP households; and service providers to obtain credit for shelter and urban services; greater availability of credit (above all from private sector sources); and increased non-credit forms of assistance to the HDP.

In March 1995 the U.S. - South Africa Binational Commission, co-chaired by Vice President Gore and Deputy President Mbeki, was formed to facilitate bilateral cooperation on key issues of mutual concern. USAID/South Africa will support the objectives of the Binational (Gore-Mbeki) Commission to the fullest extent possible. Particular emphasis will be placed on support to the Human Resource Development and Education Committee which is co-chaired by the USAID Administrator. A number of possible activities are under active consideration with the GNU. More limited assistance is being provided in support of the objectives of the South Africa

Energy Development Committee (co-chaired by the Deputy USAID Administrator) in concert with our Housing Guaranty support to municipal and environmental development. Finally, USAID/South Africa is providing broad assistance to the GNU to help ensure that its various elements have the resources to engage actively with U.S. counterparts in the development of viable programs. This final element of USAID/South Africa's support to the Binational Commission will be accomplished with the support of U.S. Information Service/South Africa.

SO 1. Democracy and Governance

Democratic consolidation is important both as an end in itself and as a support to sustainable development. As noted above, a wide range of institutional and cultural changes are required to consolidate democracy and expand access. The Mission has a long history of promoting civil society and human rights development in South Africa through history of promoting civil society and human rights development in South Africa through local NGOs. We plan to build on this experience to support electoral systems development, strengthening of political parties, a human rights culture, a more equitable justice system, NGO integration into GNU service delivery, and a strong civil society. NGOs will play a key role in many of these areas. For example, the Mission's Administration of Justice program relies heavily on NGOs as implementers in direct support of GNU activities. While many of these areas involve assistance to the GNU, some are directed at supporting civil society as a balance to the government. Examples of the latter are support to NGOs for monitoring government performance, providing information to the public, and protecting human rights. Governance programs do not just address general good governance, but the specific transition problems of (1) helping to transform the public service so that it is better equipped to implement the RDP, and (2) helping to make the public service more representative. Governance assistance is being provided in two areas: (1) assistance in training, policy, and systems at the provincial level; and (2) increasing and strengthening the implementation capacity of technical ministries at the national level in education, health, housing, and other areas. USAID governance activities complement USAID programs in the social sectors by increasing governmental delivery capacity.

SO 2. Education

Education is one of the RDP's top priorities and a key to sustainable economic growth and development. One of the lessons of international development experience is the strong linkage between education (especially basic education) and long-term growth. This linkage is particularly strong in South Africa, where shortage of skilled labor and poor basic education standards among the majority population are major obstacles to economic growth.

The Mission has long and substantial experience in this sector --a substantial proportion of past USAID assistance has been in direct support of education, training and human resource development. Key among USAID's objectives in this sector has been the development of models for possible wider application. Much of this past work with NGOs in basic and tertiary education is expected to feed into existing and planned programs with the GNU in two main component areas.

The first component is a program to support policy and systems change capacity

building, and participation/empowerment in basic education, with a focus on three provinces. Many of the people that USAID worked with in the past NGO community are now key decision-makers in the national Ministry of Education and in provincial departments. USAID has a strong group of contractors in this sector, substantial in-house expertise, and experience with innovative education models developed through local NGOs.

The second component is a program to strengthen historically disadvantaged institutions (HDIs) in the tertiary education sector (universities and technikons) through the Tertiary Education Linkages Project (TELP). TELP is a 10 year project which began in 1994. It focuses on linkages between HDIs and other South African universities as well as U.S. universities (with a specified participation of American Historically Black Colleges and Universities [HBCU]). The goal of TELP is to assist HDIs in institutional development, e.g., long-term planning and faculty strengthening, and to develop "centers of excellence" in selected areas such as economics, science, math, and schools of government.

SO 3. Health

The new Equity in Integrated Primary Health Care Project (EQUITY) is unique in being not only the first Mission project designed to fully achieve a strategic objective, but also the first major USAID/South Africa bilateral project with the GNU. The EQUITY Project will take a capacity-building and systems development approach in assisting the GNU to change and strengthen its national health system so that quality, essential services are accessible to all South Africans -- especially those who are undeserved. To accomplish this the EQUITY Project will concentrate support initially in a single province (the "focus province") in order to have sufficient resources both to develop the system and to make it fully operational. The national scope of the project will be achieved by intensive coordination among all nine provinces and the central DOH to ensure that sharing "lessons learned" and replicating effective systems will proceed rapidly throughout the country.

Within the last year, the GNU has begun the process of consolidating the fragmented health system, redistributing services in an equitable manner, and drastically changing health care priorities to ensure that integrated PHC, with its community orientation and focus on priority health interventions, can be achieved. However, there is a long way to go. The EQUITY Project will support the GNU'S efforts and will clearly contribute to the shared goal of equitable access to essential health care by all South Africans.

Strategic Objective 3 has six major, interrelated program outcomes: (1) increased access to an integrated package of PHC services in the focus province; (2) an effective, functioning referral system; (3) enhanced capacity to manage the integrated PHC program; (4) increased effectiveness and efficiency of PHC service delivery at the provincial and local levels; (5) institutionalized capacity for PHC training; and (6) improved information base for policy-making, program development, and management. These six outcomes are also critical end points for USAID/South Africa's assistance in the broad health sector, because together they represent the essential elements of the sustainable PHC delivery system that should be in place by the time our assistance to the sector ends in 2002.

Primary health care is an RDP priority and a key area of need in South Africa. While past USAID NGO-based programs supported the prevention of HIV/AIDS, a new project, Equity in Primary Health Care (EQUITY), has as its goal developing and demonstrating a unified system for primary health care in the Eastern Cape Province, to serve as a model for other provinces and will also continue HIV/AIDS interventions.

SO 4. Economic Policy Capacity

Structural economic change is required to increase economic growth and job creation, both of which are vitally important for sustainable development. To support the government's efforts in addressing this area, USAID will be initiating the "Support for Economic Growth and Analysis" (SEGA) activity in FY 1996. This activity will be the primary delivery mechanism for SO 4.

Strategic Objective 4 has the following four major intermediate results:

1. Strengthened government departments that deal with economic policy matters;
2. Strengthened think tanks to formulate and evaluate economic policy options for all economic policy makers;
3. Individuals trained in economics and policy analysis; and
4. Strengthened centers of economics training (Centers of Excellence in Economics), especially within the historically disadvantaged institutions.

Number three above primarily represents the "Mandela Scholars Program" under the United States (U.S.) - South Africa Binational Commission. This program will send approximately 50 South Africans from the disadvantaged community to the U.S. for doctoral training in applied economics. The purpose of this program is to provide a core group of well - trained individuals which can help formulate growth promoting policies for the economy over the immediate future.

The fourth of the above intermediate results will be developed cooperatively with the TELP Project (see SO-2 above).

SO 5. Private Sector Development

Supporting the black participation in the private sector is vital for producing sustainable economic gains for the majority population and for reinforcing the political will to rely on private sector-led growth. In the past, USAID's private sector program focused on provision of microenterprise credit through NGOs. Present and future programs will stress broader business development among the previously disadvantaged majority, the enabling environment for small and medium enterprises (SMEs), and business input to national economic policy making. [A cross-cutting theme is empowerment of the majority population through expanded ownership and participation in the formal economy.] SME expansion will fuel job creation. Over time there will be more emphasis on the inclusion of black South Africans in expanding trade and investment..

SO 6. Housing and Urban Infrastructure

The demand for adequate housing ranks high among the disadvantaged majority institutions to provide credit to previously unserved income tranche and to work collaboratively with voluntary, community-based organizations and black business for the provision of shelter to the disadvantaged majority. These programs also increase majority-owned and managed business and employment opportunities, while providing models for the use of public resources to leverage private resource for development.

TABLE 3: OBLIGATION LEVELS BY STRATEGIC OBJECTIVE, 1996*

STRATEGIC OBJECTIVE	PROJECT	FUNDING LEVEL	PERCENT OF TOTAL
SO 1: Democratic Consolidation		\$24.6 million	15%
	Community Outreach/Leadership Dev.	\$23.70 million	
	Self-Help	\$0.5 million	
	Transition Support Fund	\$0.42 million	
SO 2: Education Transformation		\$44.4 million	27%
	Educa. Support and Training	\$10.2 million	
	Support for Tertiary Ed.	\$9.7 million	
	SA Basic Ed. Recon.	\$13.7 million	
	Tertiary Linkages Education Project	\$10.0 million	
	Transition Support Fund	\$0.78 million	
SO 3: Unified Health System		\$14.7 million	9%
	Equity in Health	\$14.4 million	
	Transition Support Fund	\$0.25 million	
SO 4: Economic Policy Capacity		\$5.3 million	3%
	Support for Economic Growth and Analysis	\$4.8 million	
	Transition Support Fund	\$0.5 million	
SO 5: Private Sector Dev.		\$20.9 million	13%
	Black Private Enterprise Support	\$14.7 million	
	Sm. Bus. Loan Guarantee	\$6.0 million	
	Transition Support Fund	\$0.262 million	
SO 6: Housing and Urban Infrastructure		\$53.3 million	33%
	Shelter and Urban Development Support	\$16.1 million	
	Basic Shelter & Envir. Housing Guarantee	\$36.9 million	
	Transition Support Fund	\$0.29 million	
TOTAL		\$162.7 million*	100%

*Revised 10/21/96 and Total includes administrative cost

VIII. PROGRAM IMPLEMENTATION

USAID/South Africa is implementing a comprehensive program which will help achieve the goal of sustainable transformation, through the strengthened systems and institutions for sustainable democratic governance; development of an integrated education system; promotion of economic growth and increased opportunities for access and ownership of assets; and advancement of an integrated health care systems. Program areas have been selected which represent USAID's comparative advantage, support the RDP and complement other donors' programs in South Africa.

The program will be implemented in a participative manner which has proven effective, meshes well with the South African consultative traditions and maximizes opportunity for success. Activities are selected largely based on solicited and unsolicited proposals from South African and U.S. NGOs, CBOs, and private contractors. Activities implemented under bilateral project agreements with the GNU will be selected cooperatively in accordance with the agreed-upon terms.

Our strategic principles are consistent with USAID's New Partnerships Initiative (NPI), recently announced by Vice-President Gore. This initiative stresses cooperation, empowerment, non-dependence through partnerships between donors, NGOs and host country governments. Key principles embodied in the USAID/South Africa program that fit directly with NPI are: focus on empowerment through citizen participation and ownership; emphasis on the role of local NGOs, universities, foundations, small businesses, and decentralized government in sustainable development; mobilizing U.S. nongovernmental resources to support local capacity building; improving the enabling environment for NGOs and small business; and a goal of graduating from U.S. assistance.

- A. **Donor Coordination.** Collaboration with the larger donor community is emphasized by USAID. Currently, the Mission participates in overarching donor coordination meetings organized jointly by the South African Government as well as donor working groups for Democracy/Governance, Public Administration, Education and Housing and Urbanization. In addition, extensive consultation with the donor community has informed the development of USAID's new Equity in Health project. In FY 94, the United States, providing 19% of total official development assistance (ODA) disbursements and 24% of total ODA commitments, was the largest bilateral donor and the second largest donor overall. Among the other major donors are the European Union, Japan, Sweden, the United Kingdom, Germany and Denmark.
- B. **NGO Partnership.** In FYs 1994-1996, the substantial expansion in the USAID program will effectively enable USAID/South Africa to continue its broad support to the all-important NGO community while concurrently providing considerable government-to-government assistance. An integral part of the Mission's strategy is to help build bridges, where appropriate, between the GNU at the national, provincial and municipal levels, and the NGO community. The objective is to build on key, successful NGO programs, many of which were supported by USAID in the past.

- C. **Coordination with the South African Government.** Past USAID programs have been implemented via South African and U.S. private voluntary and non-governmental organizations (PVOs and NGOs). While USAID is, on an increasing basis, structuring its broad program thrusts with the GNU, USAID will continue to strongly support the role that PVOs and NGOs can and must play in support to the RDP. Within this framework, USAID/South Africa will annually propose to Government new projects and activities to be developed and implemented under Bilateral Project Agreements. These proposals will be jointly reviewed and negotiated with relevant GNU parties prior to funding commitments. USAID/South Africa will organize with relevant elements of the GNU, joint, periodic reviews of programs implemented under Bilateral Project Agreements in accordance with the terms of those Agreements. USAID is also working with the South African Government to organize periodic progress reviews of the overall program.

TABLE 4. BILATERAL AGREEMENTS FY 1994-96
(\$ millions)

MINISTRY	PROJECT	ESTIMATE USAID AMT	FY 1994 FUNDS	FY 1995 FUNDS	FY 1996
MINISTRY OF JUSTICE	COMMUNITY OUTREACH AND LEADERSHIP DEVELOPMENT (674-0301)	9.0	1.5	3.0	5.0
MINISTRY OF EDUCATION	SOUTH AFRICAN BASIC EDUCATION RECONSTRUCTION (674-0314)	18.0	--	3.9	10.9
	SOUTH AFRICA EDUCATION SUPPORT AND TRAINING (674-0302)	8.0	--	1.5	6.5
	TERTIARY EDUCATION LINKAGES (674-0315)	17.8	--	7.8	7.8
MINISTRY OF CONSTITUTIONAL DEV. & PROV. AFFAIRS	SHELTER AND URBAN DEVELOPMENT SUPPORT (674-0312)	3.5	--	--	1.8
	MUNICIPAL INFRASTRUCTURE PROVISION SUPPORT (PREVIOUSLY IN RDP) (674-0312-G-00-5035-00)	0.3	--	0.3	--
MINISTRY OF HOUSING	SHELTER ACTION FACILITATION PROGRAM (674-0312)	6.0	--	--	3.0
	BASIC SHELTER SUPPORT (674-0312-G-00-4138)	1.6	0.5	1.1	--

MINISTRY	PROJECT	ESTIMATE USAID AMT	FY 1994 FUNDS	FY 1995 FUNDS	FY 1996
MINISTRY OF JUSTICE	COMMUNITY OUTREACH AND LEADERSHIP DEVELOPMENT (674-0301)	9.0	1.5	3.0	5.0
MINISTRY OF EDUCATION	SOUTH AFRICAN BASIC EDUCATION RECONSTRUCTION (674-0314)	18.0	--	3.9	10.9
	SOUTH AFRICA EDUCATION SUPPORT AND TRAINING (674-0302)	8.0	--	1.5	6.5
MINISTRY OF HEALTH	EQUITY IN HEALTH (674-0320)	50.0	--	8.0	14.1
MINISTRY OF TRADE AND INDUSTRY	BLACK PRIVATE ENTERPRISE DEVELOPMENT (674-0303)	2.5	--	2.5	--
DEPARTMENT OF PUBLIC ENTERPRISES	BLACK PRIVATE ENTERPRISE DEVELOPMENT (674-0303)	2.5	--	--	1.5
DEPARTMENT OF WATER AFFAIRS & FORESTRY (DWAF)	COMMUNITY BASED WATER BOARD DEVELOPMENT PROJECT (674-0312)	1.0	--	--	0.5
OFFICE OF THE DEPUTY PRESIDENT (SIGNED BY MIN. OF EDUCATION)	YOUTH DEVELOPMENT SUPPORT FOR TERTIARY EDUCATION (674-0309)	9.3	--	3.0	0.5
MINISTRY OF FINANCE	SUPPORT FOR ECONOMIC GROWTH AND ANALYSIS/MANDELA ECONOMICS SCHOLARS PROGRAM (SEGA/MESP)	30.0	--	--	3.9
TOTAL		217.5	2.0	31.1	67.6

**TABLE 5: USAID/SOUTH AFRICA
SUMMARY PROJECT DATA SHEET***

PROJECT NAME AND NUMBER	PROJECT OFFICER	START DATE	END DATE	Authorized Funding (\$ Million)
LABOR UNION TRAINING (674-0223)	NOMEA MASIHLEHO	1983	1997	25.0
COMMUNITY OUTREACH AND LEADERSHIP DEV. (674-0301)	NOMEA MASIHLEHO LOUIS CORONADO	1986	1998	149.3
ED. SUPPORT AND TRAINING (674-0302)	MICHELLE WARD- BRENT	1986	1998	50.0
BLACK PRIVATE ENTERPRISE DEVELOPMENT (674-0303)	MARGOT ELLIS	1987	2001	83.0
SELF HELP SUPPORT (674-0304)	JOHN WOOTEN	1980	1998	0.5
SUPPORT TO TERTIARY ED (674-0309)	MATHATA MADIBANE	1990	2000	110.0
SHELTER AND URBAN DEV/SUPT (674-0312)	BILL DUNCAN	1994	2003	50.0
SOUTH AFRICAN BASIC ED. RECONSTRUCTION (674-0314)	CARLEENE DEI	1992	1999	50.0
EQUITY IN HEALTH (674-0320)	MICHAEL CACICH	1992	2000	55.3
TRANSITION SUPPORT FUND (TSF) (674-0318)	ALAN FOOSE	1995	2001	50.0
PRIVATE SECTOR HOUSING GUAR. (674-HG-001)	NOKUZOLA MAMABOLO	1993	1998	30.0
BASIC SHELTER AND HOUSING GUARANTY (674-HG-002)	JOEL KOLKER	1994	2000	75.0
	CARLEENE DEI/JOEL KOLKER	1995	1999	94.9

* Revised 10/21/96