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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT



USAID/SOUTH AFRICA

ASSESSMENT OF PROGRAM IMPACT

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Table of Contents

I.	SPECIAL FACTORS AFFECTING THE USAID/SA PROGRAM	1
	Human Development Index (HDI)	2
	Demographic Trends	2
	Political Trends	2
	Economic Trends	3
II.	PROGRESS TOWARD OVERALL PROGRAM GOAL	5
	Movement in the Critical Country Trend Indicators that Relate to Program Goal and Sub-goal	5
	Linkages Between the Goal, Sub-goals, and Strategic Objectives	12
III.	PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS	14
	Strategic Objective 1: Majority Population Participates More Fully in the Political Development and Governance of a Democratic, Human Rights Based South Africa	14
	Program Outcome 1.1: Established and Strengthened Black-led NGO Institutions that Support Political Empowerment and Civic Development	17
	Program Outcome 1.2: Increased Majority Access to the Legal System and Awareness of Rights and Responsibilities	18
	Program Outcome 1.3: Improved Effectiveness of New Officials at All Levels of Government to Formulate and Implement Policies, Programs, Budgets, and Structural Change	19
	Program Outcome 1.4: Helped Prepare for Free and Fair Elections	20
	Strategic Objective 2: Help Establish a More Equitable and Effective Education System	24
	Program Outcome 2.1: Developed, Evaluated and Disseminated New and Innovative Approaches to Education	28
	Program Outcome 2.2: Helped Develop Alternate Educational Policies and Ensure That They are Actively Considered by Decision Makers	28
	Program Outcome 2.3: Enabled Educational Institutions to Better Meet Demands Placed on a New, Non-Racial, Non-Sexist Education System	29
	Program Outcome 2.4: Increased Number of Qualified and Skilled Black South Africans Engaged in Education	30
	Strategic Objective 3: To Increase Asset Ownership and Economic Integration for the Historically Disadvantaged	31
	Program Outcome 3.1: Leveraged Resources from Other Sources	33
	Program Outcome 3.2: Improved Policy and Regulatory Environment for Full Participation in the Economy	34

Program Outcome 3.3: Improved Effectiveness and Sustainability of Business, Professional, Community Based Organizations (CBOs), and Government Agencies that Represent Historically Disadvantaged	36
Program Outcome 3.4: Viable Models Adopted Locally in the Urban and Business Sectors	36

IV. REVISION OF STRATEGY	39
Emerging Trends and Opportunities	39
Political Sector	39
Social Services Sector	40
Economic Sector	40
Country Program Strategy Plan	41
Monitoring and Evaluation Systems	42
Major USAID/SA Management Issues	43

List of Tables and Figures

Figure 1	USAID/SA Strategic Tree	13
Table I	Context of USAID/SA Programs	7
Table II	Elements of Proposed Organizational Capability Scale	11
Table III	Linkages Between Goal and Sub-goal and Segue to Next CPSP	12
Table IV	Strategic Objective 1: Baseline, Expected Results, and Actual Results	16
Table V	Strategic Objective 2: Baseline, Expected Results, and Actual Results	27
Table VI	Targeted Training by Location, Type, and Gender	30
Table VII	Strategic Objective 3: Baseline, Expected Results, and Actual Results	30
Table VIII	Leverage Resources from other Sources	33
Table IX	Policy and Regulatory Changes	35
Table X	Viable Models	38
References		45
List of Acronyms		46

USAID/SOUTH AFRICA

DRAFT ASSESSMENT OF PROGRAM IMPACT

Based on March 1993 Strategy Concept Paper

I have discovered the secret that after climbing a great hill, one only finds that there are many more hills to climb. I have taken a moment here to rest, to steal a view of the glorious vista that surrounds me, to look back on the distance I have come. But I can rest only for a moment, for with freedom come responsibilities, and I dare not linger for my long walk is not yet ended. Mandela (1994:617)

Helping to improve people's lives as part of the long walk to freedom and bring about fundamental changes in South Africa is the essence of the USAID/South Africa program.

I. SPECIAL FACTORS AFFECTING THE USAID/SA PROGRAM

The momentous pluralistic election in South Africa just months after USAID/SA's March 1993 Strategy Concept Paper was approved has significantly affected the Mission's program. Prior to the election, USAID/SA was prohibited from working with the old South African Government (SAG). The Mission's mandate under the Comprehensive Anti-Apartheid Act (CAAA) was to assist Non-Governmental Organizations (NGOs) who were in a struggle with the old regime.

Before 1993 the objectives of USAID/SA's program were: (1) to support the dismantling of apartheid; and (2) to help South Africa's historically disadvantaged population prepare for leadership roles in a democratic, post-apartheid South Africa. Since 1993, USAID/SA's program has increasingly focused on the broad development concerns affecting the country's majority population who were disadvantaged by apartheid. The Mission defines individuals and organizations disadvantaged by apartheid as (1) South African individuals of African (black), Colored, or Asian descent whose principal place of residence is in South Africa; and (2) private partnerships or commercial firms which are incorporated in or organized under the laws of the Republic of South Africa (RSA), and which are more than 50 percent beneficially owned by South African persons of African (black), Colored, or Asian descent.

USAID/SA is currently working closely with the South African Government of National Unity (GNU) to identify specific areas where we can directly support the 1994 Reconstruction and Development Program (RDP). Given the extent of the needs, USAID/SA will strive to maximize program impact by extensive coordination, continuing focus on the development of viable models and policies that are adopted locally, and helping organizations to leverage resources from other sources. USAID/SA, in partnership with other donors, expects to continue providing a significant portion of assistance to South Africa through NGOs even as assistance to the GNU ministries at the national and local level increases. USAID/SA will also continue to give priority to NGOs

that represent, reflect, and target the historically disadvantaged, mostly African, majority population of South Africa.

Apartheid has made it difficult to obtain reliable data on disparities between Africans and white South Africans. In the mid-1970s, the government stopped publishing data on the then nominally independent homelands (home to one-quarter of the African population). Census information is considered to be unreliable. Nevertheless, available data give a striking picture of inequality.

Human Development Index (HDI)

The HDI, introduced by the United Nations Development Program (UNDP), is a composite of life expectancy; knowledge measured by adult literacy and mean years of schooling; and standard of living measured by purchasing power parity. The HDI sets a minimum and a maximum for each dimension and then shows where each country stands in relation to these scales - expressed as a value between 0 and 1. UNDP's Human Development Report 1994 shows that the overall HDI for South Africa in 1994 is 0.650 - for whites it is 0.878, while for blacks it is 0.462. If white South Africa were a separate country, it would rank 24 out of 173 in the world. Black South Africa would rank 123 out of 173 in the world.

Demographic Trends

South Africa's main asset is its people. The population has grown at an annual rate of approximately 2.4 percent since 1985. The current population is estimated to be approximately 40.7 million, comprised of about 13 percent white and about 87 percent disadvantaged by apartheid (approximately 75 percent African, 9 percent Colored, and 3 percent Asian/Indian). Forty eight percent of the population resides in urban areas. This number does not include those who live in informal settlements. The functional urbanization level, including informal, is estimated at 65 percent.

Total population is estimated to grow from 28 million in 1980 to 60 million by 2010, with a major growth in the metropolitan population from 12 million in 1980 to 24 million by 2000. These high population growth rates will create increased demand for housing, education, and health services. The rate of urbanization, low literacy levels (62.7 percent) and high unemployment rates all burden future socio-economic development.

Political Trends

The Interim Constitution was adopted on November 17, 1993 by the South African government, the African National Congress, and other parties participating in the "Multi-Party Negotiating Process" and signed into law on January 24, 1994. This Interim Constitution serves as the new South Africa's legal framework, subject to the interpretation of the new constitutional court.

During the first multi-party election on April 26-29, 1994, voters elected a new parliament by proportional representation (400 member National Assembly and a 90 member Senate) which will serve for five years until 1999. Voters also chose legislative

assemblies for the nine provinces into which South Africa, including the nominally independent homelands, has been divided -- Northern Transvaal, Eastern Transvaal, Gauteng, NorthWest, Free State, Kwazulu/Natal, Northern Cape, Eastern Cape, and Western Cape.

Prior to the April 1994 election, amendments to the Interim Constitution focused on the allocation of authority to the Provinces, increasing their authority to legislate and tax. Most significant was the granting of authority to develop provincial constitutions and legislative and executive branch structures independent of the national structures of governance. An essential element in completing the task of reformulating representative government is local government elections now planned for October 1995. With an estimated 30,000 local government representatives to be elected, the national and provincial governments are facing a massive and highly sensitive tasks of establishing boundaries of local governments, voter rolls, and setting polling stations. In addition, the new representative leaders of South Africa will have to address in the local government elections, the relatively slow progress towards accomplishment of national election basic needs campaign promises and the high expectations of the majority electorate.

These political developments allow USAID/SA to work not only with national government officials but also with provincial and local officials. In doing so, USAID/SA must maintain credible relationships, developed over the past 15 years, with a vibrant civil society, composed of non-governmental and community-based organizations within the highly participatory political culture that characterizes South Africa. This broadening of the scope of USAID/SA's avenues of dialog and programming would have been formidable if not for the Mission's success during the apartheid years in helping prepare majority South African women and men for leadership roles. Many of today's leaders, and GNU counterparts, are former USAID/SA beneficiaries and are shaping national and local policies in administration of justice, human rights, education, health, housing reconstruction and urban development, land affairs, and private sector development.

Economic Trends

The South African economy faces severe problems of both redistribution and efficiency. South Africa has the largest economy in Sub-Saharan Africa, with a 1993 Gross Domestic Product (GDP) of over US\$ 117 billion or US\$ 2,880 in per capita terms. This income is highly skewed toward the white population. In 1993 median household income for whites was \$US16,442 (1\$US=R3.50), whereas African households' median income was only \$US2,438. Indian households had incomes of \$US10,686, and Colored median income was \$US5,567. While Africans make up 75 percent of the total population, they account for over 95 percent of the poorest 40 percent of South Africa's population, and only 29 percent of the richest 20 percent of the population. At the same time, whites, who account for 13 percent of the total population, comprise less than 1 percent of the poorest 40 percent of the country, and almost 59 percent of the richest 20 percent of the population.

The economy is noncompetitive and inefficient. A small number of firms control the majority of most markets, and in some cases the government has officially sanctioned cartels for "strategic" purposes. Moreover, the South African economy is highly capital

intensive, the result of years of controls to limit capital flight, economic boycott, protectionism, and successful actions on the part of labor unions to increase real wages at a faster rate than labor productivity. This has allowed firms to operate very inefficiently, with high costs and substitution of capital for labor. Investment has declined in recent years. In 1993, gross investment accounted for about 16 percent of GDP, but after depreciation, net investment was only 9.5 percent of GDP.

The economy slipped into decline in the early 1980s. South Africa's current per capita income of \$US 2,689 is roughly the same in real terms as in 1965. Although South Africa does not have the foreign debt problems of many African countries, its total debt situation (domestic and foreign) raises concerns and problems similar to those in the United States.

South Africa's estimated economically active population in 1993 totalled 12.3 million people. In contrast, just over 5.1 million people were formally employed, 1.6 million in the public sector and 3.5 million in the private sector. (These figures exclude employment in agriculture and the informal sector.) Based on this level of formal employment, South Africa's unemployment rate is almost 59 percent. Including estimates of non-formal employment reduces the unemployment rate for the disadvantaged community to 37 percent. Formal employment in 1993 was almost 7 percent less than in 1990, at the lowest absolute level since 1980. Along with this decline in formal employment, real remuneration per worker has increased by 3.5 percent since 1990.

In these conditions, economic empowerment for the majority population is and will remain problematic, and will require significant changes in the structure and growth prospects of the economy. Full scale participation of everyone in economic production will be required to continue the peaceful transition to a new South Africa.

II. PROGRESS TOWARD OVERALL PROGRAM GOAL

Movement in the Critical Country Trend Indicators that Relate to Program Goal and Sub-goal

Goal: Support the Dismantling of Apartheid and the Preparation of RSA's Disadvantaged Population for a Leadership Role in a Post-Apartheid RSA.

With this goal, USAID/SA committed itself to assisting with the most profound change South African society ever is likely to witness. The dismantling of apartheid is a fundamental reordering not only of the political, but also of the social and economic structures of the nation. Apartheid was the system of legalized and institutionalized race discrimination and segregation in South Africa. In the 1960s, apartheid took on the guise of separate development. Instead of claims about biological or genetic differences, arguments for racial separation were based on cultural or ethnic differences and the right of each group to maintain its identity. "To be an African in South Africa," explains Mandela (1994), "means that one is politicized from the moment of one's birth.... An African child is born in an Africans Only hospital, taken home in an Africans Only bus, lives in an Africans Only area, and attends Africans Only schools, if he attends school at all." "When he grows up," continues Mandela, "he can hold Africans Only jobs, rent a house in Africans Only townships, ride Africans Only trains and be stopped at any time of the day or night and be ordered to produce a pass, without which he could be arrested and thrown in jail. His life is circumscribed by racist laws and regulations that cripple his growth, dim his potential and stunt his life" (1994:89).

The overall USAID/SA program goal of dismantling this system was a direct result of the 1986 Comprehensive Anti-Apartheid Act (CAAA) enacted by the United States Congress which states:

to set forth a comprehensive and complete framework to guide the efforts of the United States in helping to bring about an end to apartheid in South Africa and lead to the establishment of a nonracial, democratic form of government, and further:

...it is the policy of the United States to assist these victims of apartheid as individuals and through organizations to overcome the handicaps imposed on them by the system of apartheid and to help prepare them for their rightful roles as full participants in the political, social, economic, and intellectual life of their country in the post-apartheid South Africa envisioned by this Act.

The CAAA restricted the Mission to working with Non-Governmental Organizations (NGOs) that represented the majority population, disadvantaged by apartheid. The Mission could not, therefore, enter into dialogue with the old South African Government nor assist any institution, including universities, that received governmental support.

The recently completed Program Evaluation (Aurora and Associates 1994) concluded that USAID/SA contributed significantly to the break down of apartheid, but that the extent of that contribution cannot be fully measured. The Evaluation team concluded that

USAID/SA succeeded in assisting Africans to prepare for a leadership role by improving the education of individual African women and men disadvantaged by apartheid, and strengthening NGOs. Many of those who received bursaries or scholarships and many of the leaders and managers of NGOs supported by USAID/SA are now in leadership positions. Moreover, the capacity of civil society grew stronger in relation to the old South African Government, and, when combined with other elements in opposition to apartheid, resulted in a broad and powerful social movement that has been successful in bringing about the end of apartheid and is now poised to assist in the implementation of the GNU's Reconstruction and Development Program.

The Evaluation team describes an evolution of the USAID/SA from a "political" empowerment emphasis, with initiatives in human rights and grassroots community development to the more usual "development" areas, including health, enterprise development, and housing. The team cautioned about attempting to "judge a Mission's activities, and presumably impact, through the standards of an inappropriate mode" and "the error of utilizing, within the political arena, measurement tools, standards, and criteria which are absolutely appropriate to the developmental context, a one-size-fits-all approach which cannot succeed."

Table I illustrates the differences in operations from one mode to the other. Prior to 1993, the Mission's strategy called for majority empowerment as a means to end the system of apartheid. As a transition became more imminent, a more developmental approach, as presented in the March 1993 Concept Strategy Paper, started to evolve. The Mission intends to keep those aspects of an empowerment emphasis program which remain relevant and prove to be effective in contributing to sustainable development.

The Mission's approach in its support to ending apartheid was to increase the ability and opportunities for members of the majority population who were disadvantaged by apartheid to assume their rightful positions in the country. This effort involved a rich array and diverse, but integrated, set of activities that increased the political, economic, and social empowerment of the majority population.

TABLE I. THE CONTEXT OF USAID/SOUTH AFRICA PROGRAMS

Contextual Factors	Empowerment Emphasis is appropriate when:	Development Emphasis is appropriate when:
1. Political Context	Totalitarian, unpopular regime; democratic opposition in civil sector.	Legitimate democratic government; popular support; civil society.
2. Social Context	Extremely conflictual; struggle modality; possibility of rapid change; revolutionary.	Conflicts channeled & contained through popularly accepted structures; evolutionary.
3. Program Style	Subversive; oppositional; hidden; opaque; consultative.	Developmental; incremental; transparent; negotiated.
4. Program "Clients"	Focus on democratic opposition; NGOs; civic structures, labor unions.	Mixed model-strong bilateral component & host country, government involvement; NGO & civil society.
5. Operational Style	Emphasize flexibility, responsiveness; may waive usual administrative procedures; focus short to mid-term. Stress political commitment/dedication, interpersonal competence. Extremely pressurized and labor intensive.	Emphasize planning, accountability, concrete results, sustainability; adhere to standard procedures & program areas; focus mid-long-term. Stress professional commitment, technical competence. Increase use of intermediary structures, less labor intensive.
6. Focus of Mandate	Relatively narrow; under U.S. policy mandate, primarily U.S. and democratic opposition, particularly community organization; grassroots emphasis.	Broadened, to include host country government; organs of civil society; AID/W; U.S. stakeholders.
7. Level of U.S. Stakeholder Involvement & Visibility	Relatively low.	Significantly increased.

Source: Aurora and Associates, Program Evaluation (draft 1994:93)

Sub-goal: Increase Black Political, Social, and Economic Empowerment

Political Empowerment: USAID/SA has strengthened essential elements needed in a democracy and contributed to their sustainability over time. USAID/SA has made a difference at the level of the South African individual, the civil society, and the nation by assisting to position the following political empowerment building blocks, which are also necessary for social and economic empowerment:

- Respect for individual human rights necessary for democracy, including protection rights--freedom from violation of individual integrity such as arbitrary arrest; civil rights--freedom from discrimination by color, sex, religion, etc; and, survival rights, normally equated with "basic human needs."
- Respect for societal freedoms--freedom of speech, freedom of assembly, and freedom to participate in the economy (see economic empowerment below).
- Processes that are part and parcel of democracy--meaningful elections and lawful governance.
- A sense of political accountability to its citizens, not only at election time, but in between elections, in a systematic way on a continuing basis.
- Access to fair and non-racial legal and judicial systems and the right of legal representation for all.
- The ability to meaningfully represent members of political constituencies in substantial and peaceful ways.

Social-Development: USAID/SA has contributed to social development by strengthening the African human resource base. Over 6,000 Africans received formal college and graduate training. After the April 1994 election, many of these graduates were elected or nominated to top leadership positions, making decisions on policies, programs, and budgets at the national or local level. In addition, USAID invested in people through short-term training to enhance the capacity of the disadvantaged to govern, including specialization in local government and in diplomacy. At the same time, USAID/SA provided an alternative for those barred from formal education by funding schools outside government control. Models developed, such as Educare early childhood centers and the community college concept, are now providing access to educational resources where no access was available previously. These early childhood centers are being seriously considered for nation-wide adoption. Just as substantial are USAID/SA's contributions to supporting education policy formulation, helping to demonstrate the viability of non-racial education, strengthening professional educational associations, and fostering innovations for the reconstruction of education.

Economic Empowerment: USAID/SA has contributed to the repeal of apartheid legislation which resulted in the removal of barriers to African economic empowerment. The program has contributed to unionization, African entry into business as owners and as managers, acquisition of equity, and advancement in the workplace. More importantly, a USAID-funded international economics conference and supported research are credited to have led the GNU leadership to endorse pragmatic economic policies and a fiscally conservative approach to the RDP, contrary to prior expectations that an ANC-

dominated government would opt for statist solutions and fiscally unsustainable social programs.

To summarize, the USAID/SA program had a clear unambiguous focus on African empowerment, substantial reliance on local expertise and development of an indigenous resource base, respect for the absorptive capacity of the emerging African-led NGOs, and extensive community outreach which effectively targeted NGOs.

The fundamental principle of the effort *to increase the political, social, and economic empowerment of South Africa's disadvantaged majority* was to work through NGOs as a viable alternative to the old South African Government. These same organizations have provided the basic structure through which members of the majority population are now moving into positions of leadership in the country. These organizations also constitute a broad and effective network through which major elements of the RDP will be implemented although mechanisms for government and NGO partnerships in service delivery are still being debated. The GNU recognizes its fledgling service delivery and managerial capacity, particularly in communities with a majority population, and are eager to see NGOs not only redefine their roles and responsibilities vis-a-vis a legitimate government, but also channel their advocacy for mass social action into more productive activities.

The sheer magnitude of NGOs in South Africa presented a challenge in terms of selection of potential grantees. USAID/SA worked with approximately 200 NGOs in three principal areas--political empowerment, social empowerment, and economic empowerment--during 1994 alone. Numbers alone, however, do not tell the story as variation in size, intermediary functions, geographic focus and spread, development philosophy, mission statements, operational approaches, results orientation, and other factors complicate program performance monitoring. Nevertheless, positive results at the people-level were achieved in each area, and are discussed in Section III.

A key measure of the performance of the USAID/SA program is its effect on the functioning of NGOs that received funding. Many of the NGOs receiving assistance from USAID/SA during the implementation of the CAAA, however, were not comfortable about publicly acknowledging USAID/SA assistance for security reasons, making it impossible to monitor program results at the organizational level. In order to assess better the impact of USAID/SA's institutional strengthening efforts, USAID/SA plans to evaluate the changes in the institutional capacities of NGOs and governmental agencies. The Mission is developing an Organizational Capacity Index and will work closely with key NGOs and the academic community in pilot-testing and fine-tuning the index. This index is a scale of organizational effectiveness constructed by combining measures of several variables. Examples of this type of scale include the "political stability scale" developed by the Human Sciences Research Council in South Africa. In this scale, a panel of experts is asked a series of questions that are combined to develop an average score to indicate political stability. The Organizational Capacity Index will use the same approach to evaluate five organizational capacity domains: strategic, technical, financial, administrative, and communication. Each domain has a set of skill areas that can be measured, as shown in Table II. The Index will include specific USAID/SA concerns, such as equal opportunity employment practices. The Index will be scored using a

combination of self-rating, peer group rating, and, outside panel rating. For the next API exercise, the Mission will be positioned to assess impact at the institutional level.

TABLE II. ORGANIZATIONAL CAPACITY INDEX

CAPACITY DOMAINS	SKILL AREAS	SKILL SUB-AREAS
Strategic	Setting Priorities Becoming Efficient Managing change Creating Independence	<ul style="list-style-type: none"> ● Assessing need ● Knowing the environment ● Considering feasibility ● Performance planning ● Cost effectiveness ● Staffing and Support ● Centralization/decentralization ● Expansion/contraction ● Reorientation ● Independence from funders ● Independence of client
Technical	Program Design	<ul style="list-style-type: none"> ● Appropriate designs for programs ● Pricing of services ● Appropriate technical assistance ● Sequencing of activities ● Participation ● Client selection and monitoring
Administrative	Personnel and Organizational Management	<ul style="list-style-type: none"> ● Hiring staff ● Training staff ● Motivating staff ● Coordinating staff ● Affirmative action
Financial Management	Accounting Systems	<ul style="list-style-type: none"> ● Short term budgeting ● Medium/long term financing
Communications	Information Management Institutional Linkages	<ul style="list-style-type: none"> ● Learning from feedback ● Program evaluation ● Performance ● Networking with other institutions ● Linkages with government/donors

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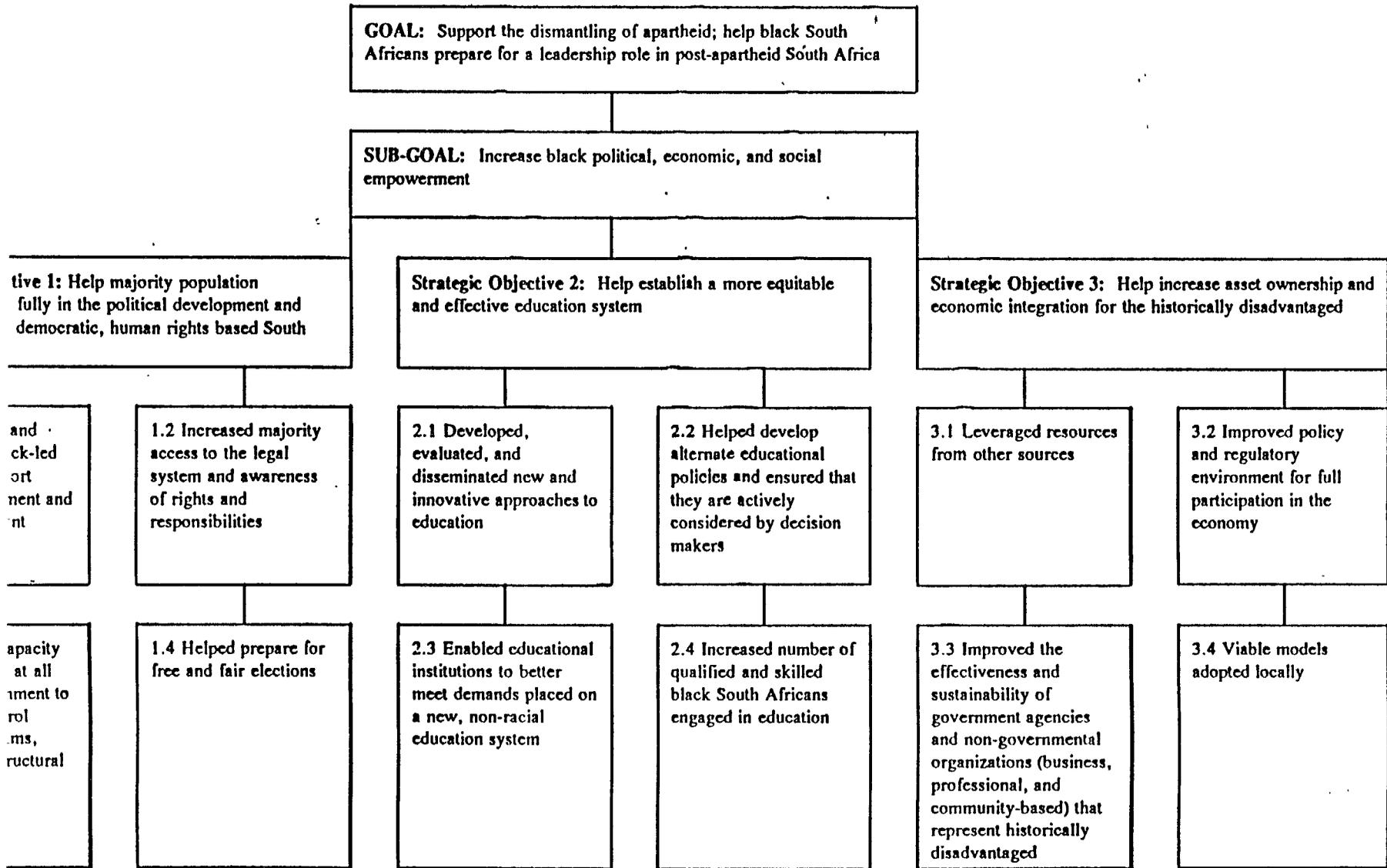
Linkages Between the Goal, Sub-goals, and Strategic Objectives

The USAID/SA program, as articulated in the March 1993 Strategy Concept Paper, has followed a clear and logical approach to reaching the CAAA goal. Table III below shows the linkage between the goal and sub-goals and the segue for the next CPSP. Figure 1 shows the program strategic tree goals, objectives, and program outcomes.

**TABLE III. LINKAGES BETWEEN GOAL AND SUB-GOAL AND
SEGUE FOR THE AUGUST 1995 CPSP**

LEVEL	OBJECTIVE STATEMENT	LINKAGE (BETWEEN GOAL AND SUB-GOALS)	SEGUE FOR THE AUG 95 CPSP
GOAL	Support the dismantling of apartheid; help black - South Africans - prepare for a leadership role in post-apartheid SA	(CAAA mandate)	
(PROPOSED GOAL FOR AUG 95 CPSP)	Increase black political...	The most direct and effective way to support the dismantling of apartheid is to strengthen civil society, including assistance to mass action movements, to bring pressure and advocate reforms for a democratic SA and to provide a platform for majority participation.	SA has headed towards the creation of a favorable political and legal environment during the past five years. There is a need to ensure the political and legal environment remains favorable by (a) guaranteeing democratic governance at the national and local levels and (b) by continuing to nurture a civil society that is able to participate in the formulation and implementation of social and economic policies and programs.
	economic, and ...	Apartheid sealed off economic opportunities for the majority population. Economic empowerment of the majority population will help to ensure a lasting and peaceful political transition and provide a post-apartheid SA with the means to maximize human capacities, resources, and opportunities. When economic development is viewed as integral to social development, the economy is placed to serve human needs and people are placed at the center of development.	Economic empowerment is integral to political and social empowerment. The Government of National Unity is trying to address the long-term consequences of apartheid through a Reconstruction and Development Program (RDP). USAID/SA will work towards increased economic integration and asset ownership of the majority population disadvantaged by apartheid.
	social empowerment.	Apartheid is the antithesis of social development which is based on human dignity, equality, respect, mutual responsibility and cooperation. To address social problems, especially poverty, unemployment and social exclusion means to deal with both underlying causes, such as lack of education, and consequences, such as poor health.	In South Africa, universal primary education and primary health objectives, including access to safe water and proper sanitation, are considered basic needs. USAID/SA will work on improving access to both education and health services while improving basic services as opportunities for business and home ownership and economic integration are increased.

FIGURE 1. USAID/SOUTH AFRICA STRATEGIC TREE (March 1993)



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III. PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

Strategic Objective 1: Majority Population Participates More Fully in the Political Development and Governance of a Democratic, Human Rights Based South Africa

Evidence of the impact of USAID/SA contribution to increasing majority participation in the political development of South Africa is best captured by the fact that **86 percent of the eligible voters voted, with only 1 percent spoiled ballots.** Judge Kriegler, chairman of the Independent Electoral Commission (IEC), praised the voter education initiative which reached all eligible voters (see Program Outcome 1.4 below), saying, "The low percentage of spoilt papers bears testimony to the effectiveness of Voter Education." Moreover, USAID/SA's contribution to the political transformation included investments in human resources. For example, many of the members of the Transitional Executive Council were USAID/SA participants in long- or short-term training, and investments in conflict resolution and mediation, including the crucial summit between the African National Congress (ANC), Inkatha Freedom Party (IFP), and the National Party (NP). USAID/SA contributed to other firsts in the political development of South Africa: political party strengthening, political polling which included the views of all racial groups and multi-party participation in the April 1994 election, and other consensus and constructive decision-making systems.

Political polls, taken before the 1994 elections, helped political parties focus their campaign strategies, and established baseline data for future polls. The polls also provided important information for the smaller parties which lacked the manpower and expertise to conduct their own poll. Public perceptions reported in the polls were instructive to some of the political parties. One party spokesperson stated, "We came to understand that [our] public perception is not what our self-perception is." Polling information led some of these parties to try new campaign strategies to attract more voters and to focus on "bread and butter" issues. The first poll, conducted nationwide in September 1993, with 2,352 South Africans, revealed that the majority disenfranchised population did not have enough information about the issues and parties in the election. This poll resulted in a multi-party forum with over 80 representatives of 19 political parties, 46 NGOs, and the international community. The second poll concentrated on the Gauteng, Western Cape and Natal-Kwazulu areas with 2,500 people interviewed in November/December 1993. This poll provided information relevant to voter education and election monitoring, identified major problems which could undermine elections, and leveled the information playing field for the smaller political parties. Results of this survey enabled party leaders to reach consensus on the election logistics.

Key to the success of the election was political party strengthening jointly provided by the National Democratic Institute, the International Republican Institute, and the Joint Center for Political and Economic Studies--all funded by USAID/SA. Four of the parties representing the majority population, disenfranchised by apartheid, the ANC, Azanian Peoples' Organization (AZAPO), Pan Africanist Congress (PAC) and Inkatha Freedom IFP, took part in political party training before the April 1994 election. Over 1,000 party members participated in the training, including senior executive party leaders, party election committee members, regional representatives, community leaders and youth

activists. Party members requested and received training in election strategy, polling design and analysis, election monitoring, media strategy, election law consultation, party strategy, post-election strategy, analysis of party strengths and weaknesses, strategies to represent constituent interests, shadow cabinet and oppositional skills, fundraising, democratic pluralism, proportional representation; public speaking, message development, and getting out the vote strategies; leadership training; and policy development.

Over 350 people from 23 political parties and interested NGOs participated in three multi-party forums--"Polling and Campaign Organizations in Democratic Elections," "Competition and Opposition Politics in Democratic Elections," and "Safeguarding Free and Fair Elections." Approximately 40 percent of the participants were women, and 15 percent youth activists. The forums provided a neutral setting for political parties where training took place, and issues concerning the election process discussed. Many of the smaller parties, which had not participated in pre-election negotiations, learned practical information from the speakers and workshops, and initiated political contact with other parties. The topics covered, along with resource materials given to participants, provided timely information for the April 1994 election, and will be valuable in the upcoming 1995 local elections and the 1999 national election.

Training for the smaller parties, many of which were formerly oriented to opposition and conflict politics, focused on developing basic party skills, gaining insight into the electorate, and using democratic tactics to gain political clout. The training exposed party leaders to party management, and activists to using "democratic means to achieve democratic ends." Training provided to the smaller parties leveled the playing field between them and the larger, more organized parties. A key success was that party members, formerly engaged in advocating "one settler, one bullet" slogans, began to conduct their campaigns in a cooperative, more peaceful manner and to use democratic principles in South Africa's charged political environment. Party members began to "link party ideology to the practical needs of the black electorate." The training also reached party members at the community level, thus, building a grassroots knowledge base of democratic principles and political party skills.

As indicated in Section II of this document, meaningful elections are only a part of the democratic process. Lawful governance with the goal of political accountability to its citizens is a crucial tenet of democracy that the newly elected leaders are just beginning to internalize and translate into practice. USAID/SA will explore more systematic ways of contributing to this political transformation objective.

The four program outcomes of this strategic objective are described below.

**TABLE IV. STRATEGIC OBJECTIVE 1: BASELINE, EXPECTED RESULTS,
AND ACTUAL RESULTS**

PERFORMANCE INDICATORS	BASELINE		1994		1995
	YEAR	VALUE	TARGET	ACTUAL	TAR
<p>SO 1: Majority population participates more fully in the political development and governance of a democratic, human rights based SA.</p> <ul style="list-style-type: none"> ● % of voters voting ● Use of electorate opinion poll ● Political party development 	<p>1994</p> <p>1993</p> <p>1993</p>	<p>0</p> <p>0</p>		<p>86% voter turnout</p> <p>2</p> <p>4 Parties - ANC, AZAPO, PAC, IFP</p>	<p>To be set in Au 95 CPSP</p>
<p>1.1 Established and strengthened black-led NGO institutions.</p> <ul style="list-style-type: none"> ● # of black led NGOs 	<p>1987</p>	<p>Not specified</p>			
<p>1.2 Increased majority access to the legal system and awareness of rights and responsibilities.</p> <ul style="list-style-type: none"> ● # of legal and human rights cases filed ● # of functioning legal advice centers 	<p>1986</p> <p>1986</p>	<p>Not specified</p> <p>Not specified</p>		<p>over 10,000 cases</p> <p>60 advice centers</p>	
<p>1.3 Improved effectiveness of new officials at all levels of government to formulate and implement policies, programs, budgets, and structural change.</p> <ul style="list-style-type: none"> ● # of officials participating in observation tours and local seminars 	<p>1994</p>				
<p>1.4 Helped prepare for free and fair elections</p> <ul style="list-style-type: none"> ● # of people who received voter education from USAID/SA supported NGOs ● # of IEC monitors and observers 	<p>1993</p> <p>1993</p>	<p>0</p> <p>0</p>		<p>5,000,000</p> <p>50,000</p>	

Program Outcome 1.1: Established and Strengthened Black-led NGO Institutions that Support Political Empowerment and Civic Development

USAID has supported the empowerment and development of major elements of South African civil society by strengthening hundreds of South African NGOs. These organizations have formed the backbone for mass action. The community development program activities significantly contributed to the development of sustainable community organizations and the empowerment of civil society which constitute the "building blocks" for the new democratic South Africa.

The range and types of South African NGOs and the extent of support for strengthening civil society and the newly emerging democratic society in South Africa include the following:

- 150 Community and Leadership Development NGOs
- 10 Conflict Mediation and Resolution NGOs
- 60 Community Law, Advice and Paralegal Centers
- 20 Public Interest Law Firms and Legal Defense Funds
- 59 NGOs Involved in Voter Education

Only NGOs directly involved in leadership and community development and conflict mediation and resolution are discussed in this section. Program outcomes related to the other types of NGOs are discussed in later sections.

USAID/SA has supported the organizational development, technical capacity-building, and leadership training of over 150 community development organizations throughout South Africa since 1987. These organizations have provided support for community improvement, self help, and the basic needs of the disadvantaged community negatively affected by apartheid. USAID/SA support for the engagement and empowerment of rural and urban communities provided the opportunity for disadvantaged women and men to take control of their lives. Furthermore, the program provided for the development of leadership and community organization skills; management, administration, financial management and accounting systems; and community organizational development. In addition, since very few of the USAID supported community development programs actually provided funding for capital improvement activities, the program leveraged the involvement and support from many other donors, community residents, and South African donors, and, as a result, greatly extended the impact and spread effect of programs.

Conflict and violence have been major elements in South African society in part as a result of apartheid and other long standing inequalities. USAID/SA has contributed substantially to the promotion of NGOs engaged in broad community conflict resolution, violence mitigation and mediation services throughout South Africa, especially in highly volatile areas and has supported the resolution of violence and conflict in special situations, such as hostels, taxis associations and other groups which have been major sources of conflict and violence in South African communities. These pilot activities are now being tested and will be evaluated in FY

1996 for broader replication and support by the GNU. Others NGOs supported by USAID focus on labor mediation and work closely with union and business organizations and have been responsible for resolution of significant, nation-wide labor disputes. In part as a result of the significant and highly successful mediation work, we anticipate that the newly elected GNU will formalize and establish a permanent organizational base for portions of alternative dispute resolution activities supported by USAID/SA.

As indicated earlier, the Organizational Capability Index is one tool that will enable the Mission to better qualitatively and quantitatively measure and document people-level impacts and the effectiveness of NGOs in reaching their target clients. Moreover, the Mission will compile case studies of NGOs that have implemented civil society and political empowerment activities.

Program Outcome 1.2: Increased Majority Access to the Legal System and Awareness of Rights and Responsibilities

During the years of apartheid, legal advice centers and a few private and public interest law-firms offered legal services to the majority population, disadvantaged by apartheid, in South Africa. USAID/SA supported rural and urban advice centers and legal organizations which helped vast numbers of clients who, otherwise, had no access to legal services. Advice centers, usually located in rural areas, are used heavily by the communities they serve. The paralegal staff at advice centers must have extensive knowledge of law and legal procedure in order to resolve a wide variety of legal problems. In some cases, communities elected members to attend a two-year intensive paralegal program with courses in forty areas of South African law. One NGO has operated fifteen advice centers serving an aggregate population of approximately 900,000 in KwaZulu Natal.

Over 10,000 cases have been filed with over 60 legal advice centers funded by USAID. Cases filed involve police assaults, unemployment benefits, violations of human rights, housing pensions, social and consumer issues, illegal detention, forced removals, and worker's rights. Advice centers have been instrumental in resolving legal matters, advocating human rights, and, collecting money and property for clients, with over US\$1,085,712 collected on behalf of clients.

Advice centers also provide practical education on the legal rights of South African citizens for rural communities. One center provided human rights training for the Natal Parks Board Officials and game guards, employees of private companies, white farmers, white-owned businesses with large pools of black employees, KwaZulu-Natal government workers, the Congress of Traditional Leaders in South Africa (CONTRALESA), the South African police, and several NGOs. Another center instituted a women's training program for 500 women on topics such as domestic violence, custody rights, house ownership, employment discrimination, gender discrimination, maternity leave and family planning. The Street Law program, located at 14 universities in South Africa, trains law students to teach prisoners, students, and clients about law and human rights on the community level through innovative teaching methods, such as, street theater, music, and camps for youth. The Street Law program has also developed a series of easy-to-read

books covering criminal law and juvenile justice, consumer law, family law, welfare and housing law, and employment law to make law accessible to ordinary people.

Advice centers also publish information on legal rights. One group recently printed 20,000 copies of a multi-lingual legal guide. Another publication, the South Africa Conflict Monitor, lists cases and documentation on current legal conflicts in the country for the legal community.

USAID/SA supported the South Africa Legal Defence Fund which referred cases to a network of attorneys who took cases at reduced or no costs. Some of these cases involved complex issues of constitutional law such as the right to bail and the use of racial classifications. One case involved 35 prisoners with HIV who challenged their segregation from the rest of the prison population, the denial of drugs for AIDS which are free at provincial hospitals, and constant harassment by prison wardens. Another case challenged the ambiguity of an administrative act about immovable property which discriminated against women's rights to inherit property.

USAID/SA also supported several plaintiffs in human rights cases represented by public interest and private law firms. The most notable cases include: human rights and political activists in trials, survivors against the State and individuals responsible for the Phola Park, Boipatong and Bisho massacres, and members of the community giving evidence before the Goldstone Commission which investigated the involvement of members of the South African security force in acts of violence against opponents of the State.

A new constitution abolishing apartheid represents only the tip of the apartheid iceberg. Because of the insidiousness of the system, it will take years of concerted effort to unravel the legal impediments which confront an ordinary citizen. USAID/SA will continue to work on increasing the majority population's access to legal recourse while working on eliminating economic constraints and ignorance of legal rights.

Program Outcome 1.3: Improved Effectiveness of New Officials at All Levels of Government to Formulate and Implement Policies, Programs, Budgets, and Structural Change

As noted earlier, the main contribution of USAID to governance capacity has been the historical contribution to leadership and management skills in the majority community through NGOs and scholarship programs. In addition, USAID has provided assistance to new officials at all levels of Government on a "clients-request" basis. Activities have included: technical assistance to National Sectoral Ministers and key advisors; technical assistance to National and Provincial RDP offices; visits by Members of Parliament from key standing committees to the U.S.; observation tours for Provincial Premiers and senior staff to the U.S.; public administration training workshops for Members of the Executive Councils (MECs), legislators, and senior officials in four Provinces; economic policy training activities and support for policy-oriented economic research at the Provincial level; and support for community involvement in the RDP in Gauteng Province. While short-term, this type of assistance has improved management skills, exposed new officials to international experience in economic management and development, established connections for longer-term capacity building, including

"twinning" of South African provinces with U.S. states, and, assisted new officials in the difficult task of transforming the civil service, while incorporating homeland structures.

The impact of this assistance is usually indirect but often substantial. Two examples illustrate this. Firstly, USAID collaborated with other donors before the election to support the work of the Macroeconomic Research Group (MERG) on economic policy issues that would face the new Government. This research involved key leaders of the Democratic Movement who moved into top policy-making positions in the GNU (Ministry of Finance and Ministry of Trade and Industry) after the election. USAID also sponsored a major conference on international economic experience attended by most of the future economic leaders of the parties representing the majority population. These two short-term programs helped GNU leadership to endorse pragmatic economic policies and a fiscally conservative approach to the implementation of the RDP. Secondly, USAID has provided significant assistance to the new Parliament, including visits to the U.S. for more than 25 Members of Parliament (MPs) and support for a major conference to improve communication between MPs and Provincial legislators. This assistance has helped the new MPs establish new norms of transparency, popular participation, and governmental oversight that are hallmarks of lawful governance and represent a marked departure from the old South African Government way of doing business.

During the next year USAID, in conjunction with the Donor Coordination Group, expects to continue its governance assistance at the national level and substantially expand assistance at the provincial level. The provinces have just begun to solidify their executive structures, address civil service integration and reform, and establish systems for RDP delivery and coordination. Although political and reconciliation skills are abundant at the provincial level as evidenced by their success in bringing different parties together, management experience and skills are lacking. USAID governance assistance will focus on this gap, relying heavily on engendering partnerships with U.S. state and local governments.

Program Outcome 1.4: Helped Prepare for Free and Fair Elections

Most of the people were not knowing how to cross,
how to wrap the ballot paper. [Now] we are going . . .
to teach others. Voter Education Participant (1994)

USAID supported the first democratic elections in South Africa by: (a) funding 57 voter education grants, (b) providing financial and technical support to the Independent Election Commission (IEC), and (c) providing support for monitoring and observation of the elections by African and international organizations.

Direct voter training through over 3,000 workshops reached over 5,000,000 people. Over 6,000,000 received voter education material in printed form. The combination of direct training and voter education through printed material, radio and television potentially reached all eligible voters, the majority of whom had never voted before. The result was an 86 percent voter turnout, with less than 1 percent spoiled ballots nationwide.

Over 6,000 South Africans--students, religious leaders, factory workers, housewives, professionals, and farm workers received training as voter educators. The voter educators led formal workshops using lecture and theater methods, answered individual queries, and handed out voter education material. The trainers spoke the local languages and conducted workshops in every province of South Africa, despite sometimes dangerous circumstances and intimidation by community leaders in volatile areas, and sometimes covertly at night. Venues were often far from ideal--factory floors, churches, schools, taxi ranks, hostels, townships, recreation centers, informal settlements, rural communities controlled by conservatives, squatter camps, and under the trees. NGOs also assisted approximately 277,000 eligible voters to register.

Participants learned the basic concepts of democracy and how a democratic society works. The participants joined mock political debates, walked through the different sections of a polling station, and practiced marking a sample ballot. Participants gained confidence and motivation to vote. Participants indicated the effectiveness of voter education: "Our people went to cast their vote fully informed by voter educators." "I have realized how important it is for me as a responsible South African citizen to cast my vote." "I learnt that voting is a secret that should be known to me alone." "The workshop was easy and straight forward, [so] we can manage to teach our fellow brother [sister]." And teach they did, with each workshop participant instructing an estimate of ten other people in their family or immediate surroundings on the necessity of voting.

USAID/SA funded the development, translation in over ten languages, and distribution of a variety of voter information--radio programs, tabloids, audio cassettes, video cassettes, pamphlets, newspaper ads, booklets, posters, magazines, photo stories, newsletters and sample ballots. The large amount of printed materials distributed across the country, plus voter education spots on radio and television reached the entire eligible voting population.

- 4.5 million copies of the Voting Time
- 10,000 copies of "Road To Democracy," a video produced in eleven languages
- 32 radio voter education programs tailored to 1.5 million township audiences, and, reviewed as a "highly effective means of disseminating voter education to the mainly illiterate, disadvantaged population"
- 10,000 posters with voter information displayed in 15 townships and read by an estimated 500,000 people
- 186,000 copies of a voter information bulletin and changes in election laws and ballots provided the only election information in one volatile area
- 6,000 election kits which included a mock polling station and other supplies for election simulation used by 120 organizations for education
- 10,000 voter education audio cassettes, in nine languages, distributed to hospitals, blind workshops, societies for the blind and aged homes

- a series of poster-size pictures illustrating the voting process for the large illiterate population
- 1,275,000 copies of "Active Voice" and "Learn and Teach" for voters with low literacy, distributed as magazines and newspapers inserts in rural areas
- two-sided pamphlet to explain the two ballot system for regional and national elections

USAID/SA provided support to the Independent Election Commission (IEC) to fund technical equipment, voting materials, specialists, and to manage election monitors--all of which resulted in the participation of African voters in the first democratic election, and ensured accurate reporting of voting results. Emergency needs of the IEC were met on an expedited basis. For example the provision of 20 satellite telephone terminals to communicate between IEC and over 800 counting stations in the rural areas made it possible to verify the locations of the counting stations established subsequent to the publishing of the counting station list by the IEC. The terminals were also used by counting station administrators to verify counting procedures, and then transmit vote totals to IEC headquarters. USAID/SA also supported the printing of 6,000,000 additional ballots and the printing and distribution of pamphlets explaining the double ballot system.

IEC enlisted 27 specialists, including 7 women, from countries such as Eritrea, Jamaica, Japan, Lesotho, the Philippines, Zambia and Zimbabwe to assist with the election process. At IEC headquarters, specialists quickly became involved in a wide range of emergency tasks as the workload increased closer to the election, such as: developed a geographical plan to place 8,500 voting stations within walking distance of the estimated 22 million eligible voters; reviewed the IEC communications network, noted potential risks to the system, and designed two central IEC back-up sites; developed a program to track the mobile voting stations and the special voting stations for the elderly and disabled; created a security measure for faxed vote tallies; provided communication to and from the 2,640 voting stations located in areas with no telephones; advised the IEC on the staffing and financial assistance needed for foreign observers; and, handled protocol for the IEC, arranging briefings and orientations for the diplomatic and international community at the provincial level. In the field, election specialists worked independently and sometimes under difficult and dangerous circumstances to work on election logistics, including: established regional and central IEC offices with equipment and supplies; set up mobile polling stations; arranged logistics for the deployment of monitors and observers; and prevented supply distribution bottlenecks in the Northwest province, the Northern Transvaal, Eastern Transvaal, Eastern Cape and Kwazulu/Natal.

USAID/SA helped to ensure that the first democratic elections in South Africa were "substantially free and fair." We provided support to the IEC, the National Electoral Observer Network (NEON), and local NGOs to organize monitors and observers throughout South Africa. A year before the April 1994 election USAID grantees succeeded in laying the groundwork for local communities and political parties to organize observers and monitors for the elections.

In April 1994, NEON recruited, trained and deployed over 30,000 monitors and observers who gave first-hand accounts of the voting process at the 8,000 polling stations in South Africa and 187 international venues where South Africans voted. The IEC hired 21,000 election monitors and 7,000 special counting monitors to ensure adherence to election procedures at each voting and counting station. Both local and international observers received training, using a manual developed by a USAID/SA funded Lawyers Committee for Civil Rights and which was modified by other South African NGOs and was adopted by the IEC as the official training manual for election observers. USAID also supported the training of monitors from South African political parties in the new Electoral Act, the code of conduct for election officials and monitors, knowledge of malpractice, what encompasses fraud and vote rigging, steps to reduce political tension and intimidation, and conflict resolution. The training and deployment of these monitors substantiated the integrity of the voting and counting process and safeguarded the election from allegations of unfairness by political interests.

Monitors and observers visited hundreds of polling stations, monitored the balloting and counting, documented any irregularities, and witnessed the marking of ballots by IEC officials for illiterate voters who communicated their party choice verbally. They provided first-hand accounts on the conduct of the election in less accessible, rural, and potentially dangerous areas of the country. They faxed administrative and supply problems to IEC headquarters every 45 minutes which resulted in the movement of materials and personnel to trouble spots. Those reports will be useful to prevent the occurrence of the same problems during the local elections in October 1995. Despite an overwhelming turnout of voters and daunting logistics, these monitors and observers declared the election as substantially free and fair.

In conclusion, USAID/SA has substantially contributed to majority population participation in the political transformation of South Africa. Not only did USAID/SA support the successful ending of the apartheid era, it also substantively engaged civil society in the election process. Millions of South Africans received a broad orientation in the principles of democracy, tolerance and democratic procedures--concepts unfamiliar to many, if not, most South Africans from the majority population, disadvantaged by apartheid. **This broad civic education provided a foundation for democratic leadership and a solid base for the transition to democracy.** While more substantive work is necessary to consolidate and build on the success of South Africa's national election, a representative government is largely in place and an effective civil society with broad and informed participatory structures has been developed and proven successful.

Strategic Objective 2: Help Establish a More Equitable and Effective Education System

USAID/SA has contributed to helping establish a more equitable and effective educational system through interventions that improved the overall policy environment, specific school factors (e.g. school attributes, school quality, teacher attributes), and to some extent, parental and community involvement and through targeted long-term and short-term training for South Africans. Given the injunction against working directly with the old South African Government, USAID/SA worked only with NGOs to formulate policy and to develop and test future models for the future unitary education system. Only in May 1994 did USAID/SA initiate work directly with the GNU and enter into a dialogue on critical policy issues.

Prior to the April 1994 election, USAID/SA targeted the small proportion of the education system served by NGOs and the private sector, representing an estimated 2 percent of the entire formal educational system, and whose clientele were from the majority, mostly African, population. USAID/SA interventions have resulted in a system of quality alternative educational services. Improvements in teacher attributes, school quality, school attributes, and, to a limited extent, the policy environment have resulted in modest gains in expanded access, attainment, and achievement for the majority population, disadvantaged by apartheid. In addition to the direct contributions to a more equitable and effective education system, albeit operating on the fringes of the apartheid system, this strategy provided models for the larger education sector as conditions for replication became more favorable (e.g., government structures, facilities, trained personnel, and funding).

The significance of USAID/SA's contribution to the attainment of this strategic objective should be viewed within the existing legacies of apartheid. Country trend indicators for the majority population are grim. South Africa allocated close to \$US8 billion for education in 1993/94, which represented 21.4 percent of the government budget, or 7.3 percent of gross domestic product. This level of funding for education is within the upper range suggested by organizations such as UNESCO, however, the allocation of funding by race and ethnicity was not equitable. Per capita expenditure on primary schools in 1990-1991 was \$US222 for South African blacks and \$US1,131 for South African whites. This inequity is manifested in statistics, such as, majority population, African blacks, having matric (high school proficiency exams) pass rates of 44 percent compared to 86 percent for colored, 95 percent for Indian, and 98 percent for whites. Overall, 14 percent of public education teachers did not have a teaching qualification, and 57 percent were under-qualified (i.e., did not have a matric with three or more years of teaching training). The vast majority of un- and under-qualified teachers are assigned to rural and previously designated homelands. For the majority population, there is a 50 percent drop-out rate by Standard 7 (9th Grade) and a further 20 percent drop-out rate by Standard 10 (12th Grade).

This strategic objective is premised on the belief that a reconstructed educational system is essential for building and sustaining a new South Africa. Given the magnitude of the problem, USAID/SA's strategy is to work on the development and dissemination of non-

racial, non-sexist educational models. The following critical features of models for alternative educational services highlight the breadth of activities undertaken by NGOs funded by USAID/SA.

- Literacy: Expansion of delivery of literacy classes to both rural and urban learners; training of literacy trainers; and development of relevant and learner-centered literacy materials, in both the mother tongue and English. Examples of literacy materials include development and distribution of more than 1.5 million pieces of adult literacy materials as newspaper inserts and magazine articles on voter and democracy education and publication (which also contributed to USAID/SA's strategic objective of ensuring fuller participation in South Africa's political development) and distribution of curriculum materials for those with low levels of literacy. Moreover, institutional strengthening activities were undertaken with a national literacy umbrella organization and strategic planning representing the work of more than 110 literacy groups.
- Education Policy Support: Development of educational policy support units, research, information and database centers to facilitate policy option modelling; policy research in teacher development, educational governance and finance; and publication of an educational journal. Post-election assistance has also been given to support provincial Ministers of Education through the transformation to a unitary Department of Education.
- Tests and Assessment: Development of an independent examination board; development of new practices in the areas of classroom performance assessment; teacher certification and curricula development; and development, pilot-testing, and implementation of an alternative assessment system.
- Second-Chance Secondary Education: Development of an alternative distance education program offering young adults and adults an opportunity for secondary-equivalent education, including development of appropriate syllabus, materials, diagnostic tests, tutor training materials, and training facilitators and tutors to implement program.
- Educare/Early Childhood Development: Expanded access to community-based educare (early childhood development) training which has involved parents and community leaders in the management of educare centers; trained teachers; developed and disseminated innovative training materials; supported management training for community-based centers; and funded basic learning materials.
- Curriculum and Pedagogy: Upgrading of science and math programs for students in primary and secondary, including development and dissemination of innovative science curriculum materials; training of teachers and principals; development of innovative math curriculum materials; development of education technology; support for a professional

development publication for math teachers; and establishment of a learner-centered in-service teacher training program which encourages critical thinking skills. Development of innovative English language instruction programs, materials, and teacher training.

- Culture of Learning: Organizational strengthening for the Congress of South African Students (COSAS) which launched a pilot "code of conduct" campaign in schools to restore a culture of learning to strife-torn townships and communities.

The GNU has embarked on a "compulsory education" in academic year 1995. The implementation of the policy represents logistical problems since neither the school facilities exist to accommodate, nor trained teachers to serve, the new populations heretofore excluded from formal education.

This history of neglect, inferiority, inequality and discrimination has cost South Africa dearly, not only in human terms in the frustrations and wastage of young lives and in adding to the heritage of bitterness, anger and division in our country, but also in straightforward economic terms. Much of what has been spent directly on primary education has been unproductive, because the schooling system has failed to hold children in school long enough for it to be of any benefit to them ... they have not stayed in school long enough even to achieve basic literacy and numeracy" (Harshorne 1994:56-58).

For the next API report, USAID/SA will examine the ratio of government per capita spending in education among races (recorded to be 5:1 in favor of whites in 1986) as a proxy indicator of equity and other quantitative measures, such as, decrease in pupil-teacher ratio, increase in enrollment rates of majority population students, and standard 10 (high school) graduation rates.

TABLE V. STRATEGIC OBJECTIVE 2: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

PERFORMANCE INDICATORS	BASELINE		1994		1995
	YEAR	VALUE	TARGET	ACTUAL	TARGE
SO 2: Help establish a more equitable and effective education system <ul style="list-style-type: none"> • # programs replicated/adapted • per capita spending • gap in enrolment rates between whites and blacks • percent of enrolled black children completing high school 	1993	To be set in Aug 95 CPSP		70 programs developed	To be set in Aug 9 CPSP
	1993			69 programs implemented	
	1993			1,110 replication sites	
	1993			not known	
2.1 Developed, evaluated, and disseminated new and innovative approaches to education <ul style="list-style-type: none"> • # new and innovative programs by sector • # teachers trained in innovative programs • # students in innovative programs 	1986	0	Not specified	(in 10,235 schools) 45 programs	
	1986	0	Not specified	13,629 teachers trained	
	1986	0	Not specified	1,544,511 students	
2.2 Helped develop alternate educational policies <ul style="list-style-type: none"> • policy options developed/implemented 	1986	Not specified		27 policy reports	
2.3 Enabled educational institutions to better meet demands placed on a new, non-racial education system <ul style="list-style-type: none"> • capacity building 	1986	To be set in Aug 95 CPSP		66 NGOs	
2.4 Increased number of qualified and skilled black South Africans engaged in education <ul style="list-style-type: none"> • # of graduates • Decreased percentage of non-qualified black teachers 	1986	Not specified	Not specified	2,000 degree graduates	Change i Program Focus Expected
	1994	Not specified	Not specified	13,629 teachers	See FY 1995 CP

Data based from a sample of 45 basic education grantees

Program Outcome 2.1: Developed, Evaluated and Disseminated New and Innovative Approaches to Education

The effectiveness of efforts to promote innovation is measured, in part, by the number of new, innovative programs and approaches funded by USAID/SA, that were replicated. Funding the development of models through NGOs has had a multiplier effect.

USAID/SA-funded NGOs successfully introduced about 45 new and innovative educational programs. For example, the Primary Science Program, in 1993 worked with more than 6,000 teachers and reached close to close to 500,000 students. In collaboration with Handspring Trust for Puppetry in Education, science is explored in Spider's Place. This is the first in a series of programs produced in "township English" and sporadic use of an African language. Using a multi-media approach (printed, audio, and video), the Spider's Place follows a little girl called Spider as she investigates the world around her, together with her friends, Ayanda, Jay, and Frankie. The series encourages scientific thinking and a problem-solving orientation.

Innovations successfully introduced include non-racist, non-sexist curricular materials; student-centered instructional methodologies; effective teacher training techniques; reliable data gathering mechanisms; and new approaches to tests and measurements which move away from national norms to criterion referenced norms. To disseminate innovations and other educational information, numerous educational publications are circulated to about 620,000 teachers and trainers.

In tertiary education, successful innovations include research of an intermediary "buffer" system analogous to the community college system in the U.S. and establishment of functioning educational and career counseling centers. The qualitative contribution made to the field of education by these innovations will be examined in the various evaluations being undertaken.

Program Outcome 2.2: Helped Develop Alternate Educational Policies and Ensure That They are Actively Considered by Decision Makers

The result of policy advocacy is best exemplified in the educational policy articulated in the new interim constitution which calls for free and compulsory education for all and reiterated in the 1994 White Paper on Education and Training which defines the compulsory schooling phase as one year pre-school and nine years of schooling to Grade 9. This policy is significant because it is the antithesis of apartheid policy which explicitly stated that education for the majority population was intended to "... train people in accordance with their opportunities in life; should not create false expectations of un-limited opportunities for the Bantu.... The Bantu ... should not be imitators of Whites, but should remain essentially Bantu." (Horrell 1968:136). The overturn of this policy and subsequent implementation of a universal education policy will conceivably have much more impact on the country's human resources development than dozens of isolated individual policies. The graduates of degree programs, the workshop participants, and the NGO leaders--all supported by USAID--contributed to the articulation of this "universal education" policy. Another significant contribution to policy dialogue is the combination of the 19 Departments of Education into one education

Program Outcome 2.4: Increased Number of Qualified and Skilled Black South Africans Engaged in Education

More than 2,000 USAID/SA supported-South African blacks had completed their studies by 1993. Two thirds of these individuals are in educational public or private sector middle and senior level positions making decisions on policy, personnel and budget. In addition to the targeted training of participants for short- and long-term training in the U.S. or in South Africa, USAID/SA has funded several hundred in-service training participants. For example, the entire portfolio of the Education Support and Training (ESAT) Project has moved towards improving the skill levels of educational leaders in South Africa. The ESAT 1994 evaluation report states that, "In-service training strategies have been used to address this issue directly--from programs developed in the pre-school focus area for the training of EDUCARE workers to the retraining of as many as 4,000 tutors under Operation Upgrade in the applied adult literacy program and the vast PROMAT effort in professional teachers' skill upgrading." The report further states, "In-service training for educational leaders in both the formal and non formal education sectors have been carried out under ESAT and no doubt the techniques used in such training will be of critical importance to the new education planners who come on the scene in 1994."

TABLE VI. TARGETED TRAINING BY LOCATION, TYPE AND GENDER

U.S.				SOUTH AFRICA			
Long-Term		Short-Term		Long-Term		Short-Term	
1454		293		1618		906	
575 F*	879 M**	117 F	176 M	648 F	970 M	363 F	543 M

*Female **Male

Strategic Objective 3: To Increase Asset Ownership and Economic Integration for the Historically Disadvantaged

One of the cornerstones of the apartheid system was the series of laws that prohibited ownership of key economic goods, entrance into certain areas of employment, and access to financial services by the majority population, the victims of apartheid. When buttressed by a paucity of basic social services in the townships and homelands, the result was an acute absence of asset ownership among the disadvantaged majority and their subsequent economic marginalization. The Mission's third strategic objective is, therefore, intended to extend economic benefits, currently limited to the white population, to the majority population through increasing its participation in economic production and consumption. Primarily, this entails two areas of USAID/SA involvement: (1) increased majority ownership of firms and (2) increased ownership of housing accompanied by improved levels of urban services. To accomplish both types of economic participation, USAID/SA has worked toward improved access to economic resources for the majority population.

Economic integration of the historically disadvantaged, mostly African (black), majority population is a monumental task well beyond the resources of any one organization. The Mission's strategy is to use its resources as seed money to help ease key constraints. This strategy includes leveraging USAID/SA resources against other sources of funds, and developing models of private sector and housing finance that have widespread applicability and widespread effects. USAID/SA has also targeted its assistance to improve the capacity of organizations that represent the disadvantaged majority (business, professional, community-based organizations, and, more recently, governmental agencies) to promote the advancement of their constituents. Finally, the Mission is seeking to transform the policy and regulatory environment from one which served as a handicap to majority participation in the economy into one that is responsive to its needs.

Evidence of increased opportunities for asset ownership includes the qualitative identification of the removal of structural barriers combined with evidence of significant increases of ownership in specific areas in response to the removal of those previously identified barriers. Once structural barriers have been removed, individuals from the historically disadvantaged population will need increased access to resources to take advantage of these opportunities. The boundaries between increased opportunities for asset ownership and increased access to resources to exploit the new opportunities are not always easy to define, but the distinction is important. USAID/SA will report on these measures in the next API when improved monitoring systems are in place as indicated in Section IV below.

This strategic objective has four program outcomes which are discussed below.

TABLE VII. STRATEGIC OBJECTIVE 3: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS

PERFORMANCE INDICATORS	BASELINE		1994		1995
	YEAR	VALUE	TARGET	ACTUAL	TARGE
SO 3: Help Increase Asset Ownership and Economic Integration for the Historically Disadvantaged <ul style="list-style-type: none"> ● Increased opportunities for ownership resulting from removal of barriers ● Improved access to financial resources to take advantage of new opportunities 	1994	0			● For next AP report.
3.1 Leveraged Resources from Other Sources <ul style="list-style-type: none"> ● Urban development resources leveraged ● Credit for enterprise development leveraged 	1991	0		See Table VII below. ●\$81M leveraged additional \$253M from 5 institutions	
	1991	0		●\$6M leveraged additional \$12M from 6 banks	
3.2 Improved Policy and Regulatory Environment for Full Participation in the Economy <ul style="list-style-type: none"> ● Housing policies changed and implemented ● Private sector policies changed and implemented 	1993	0		See Table VIII below. ●National Housing Policy, Ministry of Housing (MOH) White Paper	
	1990	0		●Small Business Commission	
3.3 Improved Effectiveness and Sustainability of Business, Professional, CBOs, and Governmental Agencies <ul style="list-style-type: none"> ● Organizational Capacity Index 	1994				● For next AP report.
3.4 Viable Models Adopted Locally <ul style="list-style-type: none"> ● Housing finance models ● Models for finance and business ● Community Organization and Development models 	1993	0		See Table IX below. ●Mortgage program, elimination of redlining	
	1993	0		●Micro finance, franchises, venture capital, unbundling, privatization	
	1993	0		●Project preparation facility adopted by RDP	

Program Outcome 3.1: Leveraged Resources from Other Sources

The leveraging of resources from other South African agencies or other donors by means of the careful placement of grants or loans is one of the pillars of USAID's strategy. The objective is to augment the amount of funds available to the disadvantaged majority for the acquisition of economic assets, or in the case of representative organizations, to strengthen capacity. USAID/SA has had some notable successes in the area of resources leveraging, as detailed in Table VIII below. For every \$US1 invested in housing and in small business loans, approximately \$US2.50 were leveraged. For example, USAID/SA provided \$150,000 to prepare a redevelopment plan for Duncan Village which resulted in a \$40 million development grant from the GNU to the Duncan Village community. From the recently signed \$75 million Private Sector Housing Guarantee (PSHG) Loan Program, USAID/SA has been able to leverage \$150 million for mortgages for 4,876 low income households which would normally not have been serviced by the banking sector.

Since 1992, the U.S. has leveraged significant private sector resources for small enterprises. Utilizing the Loan Portfolio Guarantee Program, \$6 million has leveraged \$12 million in private domestic capital. The program has served as an impetus to 6 major banks in South Africa to pursue loan programs for African-owned small businesses.

Working with the Land Investment Trust, a non-profit NGO, USAID has helped provide construction finance for approximately 23,000 serviced sites throughout the country, thus, helping to improve living conditions for the majority disadvantaged target population.

TABLE VIII. LEVERAGED RESOURCES FROM OTHER SOURCES

Outcomes	Measurements	Amounts	Comments
\$ amount leveraged	<ol style="list-style-type: none"> 1. PSHG - NEDCORP/FNB 2. Land Investment Trust 3. EDSA 4. Duncan Village 5. Institute for Local Governance (INLOGOV) 6. Loan Portfolio Guarantee Program Small Business Loans 	<ol style="list-style-type: none"> 1. \$75M:\$150M 2. \$ 5M:\$60M 3. \$400th:\$800th 4. \$150th:\$40M 5. \$1M:\$2M matched by other donor 6. \$6M:\$12M 	Amounts leveraged represent matching sums that would not have been available without USAID/SA input.
# houses mortgaged	<ol style="list-style-type: none"> 1. PSHG - NEDBANK mortgages 	<ol style="list-style-type: none"> 1. 4,868 mortgages issued between Jan. & Dec. 1994 	The number of houses built with funds leveraged with USAID/SA funds.
# serviced sites	<ol style="list-style-type: none"> 1. Land Investment Trust 	<ol style="list-style-type: none"> 1. 23,000 serviced sites 	
# institutions	<ol style="list-style-type: none"> 1. PSHG - NEDCORP/FNB 2. Land Investment Trust 3. EDSA 4. Duncan Village 5. INLOGOV 6. 6 Private sector banks 	<ol style="list-style-type: none"> 1. Total number of institutions leveraged = 11 	

Program Outcome 3.2: Improved Policy and Regulatory Environment for Full Participation in the Economy

USAID has striven to enrich the process of policy dialogue in South Africa by: (a) presenting and exploring alternative policy approaches for improving majority living and working conditions with policy advocates and (b) seeking to ameliorate the controlling policy and regulatory environment. Prior to the April 1994 elections, USAID/SA worked with many of the most effective South African NGOs to enhance their institutional capacities, expose their members to policy alternatives, and provide opportunities to discuss options. Following the elections, a number of the leaders of these NGOs eventually moved into major policy-making roles both in the new government and in other policy formulating institutions. **As a consequence, many of the policies that have been long advocated by USAID/SA are being considered, and, in many instances, implemented.** Some of the major policy-related successes are detailed in Table IX below. Examples include a decision by the GNU to provide bonds for a mortgage indemnification scheme for banks aimed at counteracting the pernicious effect of bond boycotts and attracting private sector investors into the under-served black-household mortgage market. USAID/SA was also instrumental in the creation of a Builders Warranty Program in the housing sector, which provides agreements with the construction industry to ensure quality control of construction work and is expected to help strengthen the performance of black construction firms.

USAID/SA support to policy advocacy groups has contributed to simplifying the cumbersome regulatory environment that impedes the development of micro-small-medium enterprises (MSMEs). Following dialogue with regulatory authorities, a Small Business Commission has been established by the government. The GNU has also agreed to consider the question of the taxation of small businesses, and has lifted the threshold of taxable supplies subject to value added tax (VAT). In addition, in recognition of the added costs of providing very small loans, the Minister of Trade and Industry exempted all loans under \$2,000 from the interest ceiling imposed by the Usury Act. Finally, groups supported by USAID/SA have been active lobbyists for the deregulation of the taxi industry (vans which served as the sole mode of transportation for the poor majority), and are continuing to make progress in unraveling and simplifying licensing procedures for MSMEs at the local level.

TABLE IX. POLICY AND REGULATORY CHANGES

Area of Impact	Type of Change
1. National Housing Forum	Preparation of policy to formulate National Housing Policy
2. Ministry of Housing	<ol style="list-style-type: none"> 1. Assisted in preparation of MOH White Paper on the RDP 2. Helped prepare National Housing Finance Corporation Business Plan 3. Established agreement with Association of Mortgage Lenders on mortgage indemnification scheme for townships 4. Established Builders Warranty Program
3. Construction sector	Reached policy consensus to provide performance bonds for black contractors and public works opportunities for black firms.
4. Finance/Business Sector	<ol style="list-style-type: none"> 1. Established Small Business Commission 2. Reached agreement on Small Business taxation 3. Increased threshold of taxable supplies subject to VAT from \$14,286 to \$42,857. 4. Reached agreement with Ministry of Industry on exemption for all loans of under \$2,000 from Usury Act ceilings. 5. Reached agreement with local authorities to simplify licensing requirements. 6. Succeeded in getting the taxi industry deregulated.

Program Outcome 3.3: Improved Effectiveness and Sustainability of Business, Professional, Community Based Organizations (CBOs), and Government Agencies that Represent Historically Disadvantaged

During the apartheid era, NGOs and CBOs were the locus of opposition government policies and, consequently, the logical partners of USAID in all sectors, including that of economic development. USAID/SA has made a substantial contribution to enhancing the ability of these organizations to foster the interests of their members during the period of its involvement. USAID/SA private sector initiatives, in particular, have been very active in organizational capacity building. Mission assistance has reinforced the institutional capacity of the Association of Black Accountants, the Federation of African Business and Consumer Services (FABCOS), and the African Council of Hawkers. In addition, USAID/SA has been instrumental in improving operations and financing of the Junior Achievement of South Africa (JASA), the World Council of Credit Unions, the Small Enterprise Foundation, the African Bank, the Community Banking Trust, the Eastern Cape Community Development Trust, the Disabled People of South Africa, the Informal Business Training Trust (IBTT), and the Independent Business Enrichment Center (IBEC).

USAID/SA shelter and urban development initiatives have also provided the technical and financial assistance necessary to strengthen community groups, professional associations, and members of local government bodies. Types of assistance provided to these groups include: training of group members in leadership, technical, fund raising and management skills; provision of materials and equipment; and, furnishing opportunities to exchange ideas with comparable organizations both in South Africa and abroad. Examples of groups which have been assisted include: black construction firms--South African Black Construction Assistance Program (SABCAP); black urban planners--the South African Black Technical and Allied Careers Organization (SABTACO); and local government officials and agents who have received targeted training in policy issues and management skills through workshops and conferences organized by the USAID-financed Institute for Local Government (INLOGOV).

Program Outcome 3.4: Viable Models Adopted Locally in the Urban and Business Sectors

The apartheid system sustained itself, in part, by stifling all communication. Only by erecting and maintaining barriers between and within groups, discouraging all forms of experimentation, and preventing the exchange of ideas, could the system retain its hold over the majority non-white population and that portion of the white population which rejected apartheid policies. USAID/SA's program is the antithesis of the apartheid model. It assumes that, for its limited assistance to have a significant impact on the problems of South Africa, lessons learned from effective programs must be widely disseminated. An important opportunity for rapid growth is building upon successful models or pilot programs. USAID/SA has been instrumental in creating a number of successful model programs which, if replicated, can serve as the basis for progress in key economic sectors. The more important ones are listed in Table X below.

and American firms. As a result of these conferences and the technical assistance provided under BICSN, new franchises were created. One company alone generated 50 franchises which are in operation and another 50 are in the pipeline. Franchises typically enjoy 2-3 times greater success rates than other new business start-ups and can serve as a means of encouraging the proliferation of black entrepreneurs. The demonstration effect of franchising was evident in the International Finance Corporation's creation of a venture capital facility to finance master franchise agreements and enter into joint ventures with franchisees.

Another strong BICSN activity is unbundling, the spin-off or divestiture of business starts. Through its technical assistance fund, USAID/SA financed the initial scanning, due diligence investigation, and transaction structuring necessary to enable the mobilization of African black-owned funds from pension funds, unions, and churches to buy majority ownership of the African Life Insurance Company. The benefits of this transaction are accruing to a broad-based majority constituency.

USAID/SA's Community and Urban Services Support Project (CUSSP) activity developed Community Development Trusts (CDT) models utilized successfully to improve marginal communities in three regions. CDTs are umbrella funding mechanisms composed of representatives from the private and public sector, such as NGOs, CBOs, local government, political organizations, etc. Their functions include: providing revolving loans for project preparation for community-based projects; furnishing seed money grants for-innovate community development projects; and, financing policy analysis and research intended to influence decision makers on important community development issues.

The creation and dissemination of information on successful policies and models lie at the heart of the USAID/SA program for increasing economic asset ownership. Working in close partnership with key NGOs and CBOs, and more recently with the GNU, USAID is creating policies and programs designed to overcome the handicaps of apartheid and create a continuously expanding nucleus of historically disadvantaged individuals with a significant stake in the South African economy.

Franchising has provided one of the largest South African banks with a new and exciting niche. Using the USAID/SA loan portfolio guarantee program, NEDCORP has aggressively pursued new franchises for the historically disadvantaged population. The Mission has also promoted the concept of franchising to jump-start new business creation among the historically disadvantaged. Using the Black Integrated Commercial Support Network (BICSN) project, USAID/SA has sponsored each of three annual Franchising Conferences, the latest one attended by about 500 representatives from 213 South African

TABLE X. VIABLE MODELS

Areas of Impact	Type of Change
<p>Models for housing finance</p> <ol style="list-style-type: none"> 1. Private Sector Housing Guarantee (PSHG) 2. Headstart 	<ol style="list-style-type: none"> 1. Provision of mortgages to groups in the \$US286 to \$US750 per month income group 2. Elimination of redlining of areas in Cape Town.
<p>Models for finance and business</p> <ol style="list-style-type: none"> 1. Community-based micro finance 2. Demonstration effect of franchising 3. Promotion of unbundling and privatization 4. Youth business education programs 	<ol style="list-style-type: none"> 1. Stokvel (informal savings groups) lending concepts shared; lessons from Get Ahead facilitated start-up of premier micro finance organization, Small Enterprise Foundation 2. venture capital facility created by IFC 3. African Life, Lucas Electric 4. JASA inspired Centre for Opportunity Dev, kick-started Soweto Youth Business Development Project
<p>Community development and organization models</p> <ol style="list-style-type: none"> 1. Project Preparation Facility (Cato Manor) 2. Community Development Trusts (Natal, Gauteng and Western Cape) 	<ol style="list-style-type: none"> 1. Adopted by the RDP for national-level project preparation. 2. Community development trust model was developed and implemented under the CUSSP project.

IV. REVISION OF STRATEGY

Emerging Trends and Opportunities

South Africa has headed towards the creation of a favorable political and legal environment during the past five years. While the tip of the apartheid system has been dismantled, continued vigilance is necessary to unravel its pernicious results on the day-to-day life of ordinary citizens, mostly black South Africans. USAID/SA's program will assist South Africans to address priorities that will ensure that (a) the political and legal environment remains favorable at the national and local levels; (b) economic empowerment provides a means to maximize human capacities, resources, and opportunities; and (c) social development proceeds on the basis of human dignity, equality, respect, mutual responsibility and cooperation.

Country trends emerging from the major factors highlighted above are likely to create opportunities to strengthen the USAID/SA program. As indicated earlier, the GNU has called upon its people and donor agencies to support the Reconstruction and Development Program (RDP) which aims to turn government into an instrument of majority empowerment and socio-economic advancement. The strategy under the RDP is to build houses, schools, and clinics on an unprecedented scale; provide water and sanitation to every village and connect electricity for an additional 2.5 million households by the year 2000; redistribute 30 percent of arable land to landless blacks; and create a social safety net for those not accommodated in a public works program over the next five years. The RDP will use a bottom-up development process driven by communities and their representative organizations.

Most of the RDP objectives are consistent with USAID's overall strategy. To succeed in its global mandate, USAID will support sustainable and participatory development, emphasize partnerships with government and NGOs, and use integrated approaches to promoting development. USAID/SA's program, therefore, is not likely to change much in substance from the broad tenets outlined in the approved 1993 Concept Strategy Paper, but more attention will be given to program performance planning, impact measurement and more efficient program management structures. Specific sectoral analyses are underway or planned to focus better USAID/SA resources, including:

Political Sector: The new constitution provides a broad framework for a new politico-economic system. Considerable financial and technical support is required for this constitution to be institutionalized and the necessary organizational and management capacity established to support and give effect to the values expressed in it. Moreover, similar technical and financial support is needed for (1) the new Constitutional Court, which is essential to interpreting the scope of newly enacted human and civil rights; (2) the administration of justice system, including analyzing a range of customary law issues, particularly its effects and proprietary consequences on women; (3) the devolution of power to provinces plus the upcoming local elections and consequent assistance to new Government officials in lawful governance; (4) the nurturing of civil society to ensure a democracy that is sustainable over time; and (5) the replication of conflict mitigation and peaceful resolution initiatives.

Social Services Sector: For social empowerment to occur, adjustments need to be made to the services provided under the education and health sectors, in accordance with the number, composition, and distribution of the heretofore under-served population. In the education sector, there are pressures to accept more African students in all of the educational institutions, to allocate more resources to educational institutions that are historically black, and to balance the financial needs of tertiary education with the needs of primary and secondary education. In basic education, there is a need to reduce repetition and drop-out rates. In tertiary education, there is dire need to revamp the entire system through establishment of a first-tier entry level system, development of a fair admissions policy which considers redress issues, and support for student financing. Coupled with a demand for financial resources will be increasing demands for accountability in the use of public funds. Moreover, there will be a demand for relevance of the education sector curriculum to the needs of a post-apartheid era that is more responsive to democratic ideals and human rights and more market-oriented in terms of the domestic, regional, and global economy. In the health sector, the GNU has stated the need to restructure the health system, reallocate resource, integrate primary health care service delivery, and improve promotive and preventive programs that reach the underserved populations in townships, former homelands, and rural areas.

Economic Sector: The 1994 White Paper on the RDP states that the Government is committed to creating an enabling environment that will encourage private investment by facilitating efficient markets and by redressing the distortions of the past. Furthermore, the RDP has articulated the need to establish a climate of political stability, economic growth, and transparent, stable, and consistent policies in order to attract investment from both domestic and foreign direct investors. The micro-small-medium continuum of business enterprises forms an integral part of the national economy and economic policy. In searching for solutions towards housing the nation, the White Paper on a New Housing Policy and Strategy for South Africa recognizes as a fundamental prerequisite the creation of a public environment that is conducive to attracting the necessary private investment. The USAID/SA portfolio will not only focus on micro-small-medium enterprise development, but will increasingly create mechanisms to facilitate the vertical integration of business, including those related to the construction industry, controlled by the historically disadvantaged. USAID/SA will examine not only macro-economic structural reforms, but also mechanisms to increase access to resources and distribute income and wealth broadly.

Country Program Strategy Plan

USAID/SA completes its CAAA goal and pre-election strategic framework (March 1993) with this API submission. The Mission believes that CAAA program activities (1) have contributed in many countless ways to supporting the dismantling of apartheid, and, (2) have succeeded in helping black South Africans to prepare for a leadership role in post-apartheid South Africa. Substantial contributions to reaching the sub-goal have been made, although uneven across the three areas--political, social, and economic.

USAID/SA maintains that elevating this sub-goal to a goal remains within USAID/SA's manageable interests:

To increase majority population's political, social and economic empowerment.

The process of looking back has helped us look forward. The Mission has taken several steps to fine-tune its strategy to reflect current realities.

- (1) A Program Evaluation conducted by Aurora Associates examined the Mission's implementation of the CAAA program from 1986 through April 1994.
- (2) USAID/SA engaged in a third PRISM exercise to look at "Monitoring, Evaluation and Reporting" primarily at both the strategic objective and the program outcome levels.
- (3) The Mission is now undertaking sectoral reviews and project/activity evaluations in all key sectoral areas which will inform the development of our CPSP. This effort includes: an assessment of governance, public administration, and the RDP process; a private sector assessment; a best practices analysis of NGO work in micro-small-medium enterprises; an education sector assessment update; an assessment of the environmental situation; a review of South Africa's macro-economic situation; and evaluations of all of the existing education sector projects.
- (4) The GNU has expressed the need to add integrated primary health care into our strategy. This is a major element of the RDP to which USAID/SA is the first of the donor community to provide a quick response. The PID for a new Equity in Primary Health Care Project has been approved by USAID/SA/Washington with delegation to authorize the results package at the Mission. In conjunction with the Ministry of Health, technical, institutional, economic, social soundness, gender, and the AIDS/HIV situation analyses will be completed in March 1995 and will inform the project paper design which begins later that month.
- (5) The Mission has issued a Gender Policy which integrates gender considerations into the Mission's project development, monitoring, and evaluation. A gender situation analysis for the Mission's priority sectors and a gender assessment of the Mission's on-going portfolio will be done in April 1995. Moreover, gender analysis is included in the Housing Loan Guarantee Programs to look at constraints in women's participation in the housing loan programs. As indicated above, a gender analysis is included in the social soundness analysis for the Equity in Primary Health Care Project.

- (6) The Mission has also engaged in extensive consultations with GNU officials and provincial and local officials to consider the full implications of bilateral agreements with the GNU and to ensure consistency with the objectives of the Reconstruction and Development Plan (RDP) and South Africa's principles and commitments to social development. Formal sector working groups, including the Donor Coordinating Committee and its several sectoral working groups, have been set up to reflect the RDP priorities. Key issues include the ability of GNU to provide leadership and management of bilateral agreements and the establishment of mechanisms to ensure the continued participation of NGOs under a bilateral mode.
- (7) The Mission is fully engaged in donor collaboration. Given the magnitude of assistance needs and the return of many donors to South Africa, coordination of programs is paramount. USAID/SA has an excellent record of working with other donors, and, as the largest bilateral grant donor, has emerged as the leader of many coordination efforts. USAID/SA currently chairs the Private Sector and Housing and Urban Development Sector Working Groups. Mission representatives are also particularly active in the Human Resources Development and the various working groups for Public Administration and Governance. Considerable attention has also been given to donor coordination in the areas of community development and land tenure programs and the strengthening of the independent electoral systems.
- (8) The Mission has consulted with NGOs on facilitating special interest groups, community-based organizations, and other NGOs to link horizontally and vertically to complement or supplement GNU service capacity and to articulate strategies for NGO partnerships with GNU, the private sector, and international NGOs to achieve RDP goals.

This process outlined above will culminate in a new Country Strategy Program Statement to be presented to USAID/Washington later this year. USAID/SA envisions that the essence of our strategic objectives and program outcomes will remain the same but will be restated with a sharper focus and better indicators. The planned health activities will likely become a fourth strategic objective. A key shift is the Mission's ability to work with both the central and local governments. Successful models that have been pilot tested by NGOs will be carefully examined through evaluation and policy dialogue and, as appropriate, presented as candidates for replication as the Mission continues to work on policy advocacy and reform issues.

Monitoring and Evaluation Systems

The Mission is developing a comprehensive database management system, Monitoring, Evaluation, Reporting and Information Transfer (MERIT), to assist in the administration of activities and measurement of program impact. MERIT will assist the Mission in managing activities across the program portfolio from conceptualization, selection for project funding and funds obligation through implementation of activities, reporting and close-out. The system will be tailored to accommodate the wide variety of activities in the Mission's portfolio, including Handbook 13 grants and cooperative agreements, contracts, and national and local bilateral agreements with the GNU.

In sum, MERIT will track basic information on activities through the following levels in the programmatic process:

- Proposal Tracking: This will gather basic information on proposals received, from which organizations, and Mission actions taken.
- Project/Activity: This level of information will tie activities to the various project/activity authorizations in the Mission portfolio and ensure that activities are controlled and managed against project parameters such as project assistance completion dates, life of project/activity funding levels, and project audit and evaluation recommendations. This level will also monitor the selection of activities against key criteria, such as their contributions to the Mission's strategic objectives, program outcomes, gender considerations and consistency with procurement guidelines such as the assurance of adequate competition, appropriate choice of instrument and support for Gray Amendment objectives. Demographic information on contractors/grantees will also be recorded in the data base to assist in disaggregating information and reporting in areas such as gender considerations, Gray Amendment contracting, provincial vs national impact, and rural vs. urban beneficiaries.
- Budget: This level will provide additional information on activities recorded at the project level with respect to financial information like running totals of obligation amounts and dates, mortgages, cumulative expenditures and pipelines. This level of tracking will provide information on individual activities, and will allow for aggregation of information at the project and Mission-wide program levels.
- Program Performance Impact: This level of tracking will tie information recorded on activities and projects in the previous two levels to impact monitoring information. Impact monitoring will measure results at the activity, project and program levels with respect to program outcomes and strategic objectives to be re-articulated in the Mission's August 1995 CPSP, as measured against appropriate indicators. This level of MERIT tracking will be a critical input into the annual updating of the API.

Major USAID/SA Management Issues

The near three-fold increase in total resources programmed in FY 1994 over FY 1993, and the projected, continued high level of total resources planned through FY 1996, viewed against the emerging trends and opportunities in a post-apartheid South Africa has meant changes in aspects of the Mission's management style. The needed changes were underscored by a 1994 Mission management assessment which resulted in several far-reaching and comprehensive recommendations. Many issues have been addressed, yet some remain:

- Operating Expense Shortage: a considerable underestimation of operating

expenses required for FY 1995--largely due to a budget development exercise which pre-dated final AID/W decisions on increases in program levels and which, therefore, does not fully reflect the implications for staffing, training, orientation, and support structures;

- Portfolio Management: a major thrust (a) to modify our programming to increase efficiency through developing larger project activities and "umbrella" programs, and while (i) being sensitive to the need to retain the "essence" of a program which makes it unique among USAID programs worldwide and highly responsive to the needs of a transitional society, and, (ii) recognizing that the use of intermediary agencies typically adds another layer to program development and implementation and pipeline management; (b) to reduce the number of obligations which exceeded 500 individual obligations last year; (c) to introduce both within the Mission and among our numerous grantees a more structured and disciplined "culture of accountability" as we lay a more solid foundation for measuring the impact of our assistance; (d) to negotiate the phase-out or substantial restructuring of long-term, positive relationships with politically well-placed, local organizations, the leadership of which is well represented at high levels in the new Government; and (e) to manage the close-out of hundreds of expired activities; and
- Bilateral Agreements: reorienting our staff and program to include, for the first time ever, the design, negotiation and implementation of bilateral activities with brand new national and provincial governmental structures;
- Future Funding: aggressively designing new, and in most cases, long-term program thrusts without a clear indication of the likely magnitude of resources available to support these programs beyond the assistance levels announced by the Administration following South Africa's national election; and
- CPSP Development: managing the far-reaching analytical and dialogue requirements associated with the development of the Mission's first, long-term, Country Strategy Program Statement (CPSP) concurrent with all of the above challenges.

Each of these issues is, without doubt, major, in and of itself. Together they constitute a formidable challenge for USAID/SA, particularly when coupled with the pressures of programming and obligating the Bureau's largest OYB.

In conclusion, the past year has been one of a quantum leap for USAID/SA in numerous respects. Armed with the critical analysis of a comprehensive Mission Management Assessment and USAID/W approval of a major Mission reorganization, USAID/SA has made timely decisions to modify management approaches. This enabled us to succeed in programming a near three-fold increase in our budget (from \$80 million in FY93 to \$212 million in FY94). USAID/SA is now positioned to continue programming increased levels of assistance and to measure the impact of such assistance more systematically.

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ACRONYMS

ANC	African National Congress	
API	Assessment of Program Impact	
AZAPO	Azanian Peoples' Organization	
BICSN	Black Integrated Commercial Support Network	
CUSSP	Community and Urban Services Support Project	
CBOs	Community Based Organizations	
CDT	Community Development Trusts	
CAAA	Comprehensive Anti-Apartheid Act	
COSAS	Congress of South African Students	
CONTRALESA	Congress of Traditional Leaders in South Africa	
CPSP	Country Strategy Program Statement	
ESAT	Education Support and Training	
FABCOS	Federation of African Business and Consumer	Services
GNU	Government of National Unity	
GDP	Gross Domestic Product	
HDI	Human Development Index	
IBEC	Independent Business Enrichment Center	
IEC	Independent Electoral Commission	
IBTT	Informal Business Training Trust	
IFP	Inkatha Freedom Party	
INLOGOV	Institute for Local Governance	
JASA	Junior Achievement of South Africa	
MERG	Macroeconomic Research Group	
MECs	Members of the Executive Councils	
MPs	Members of Parliament	
MSMEs	micro-small-medium enterprises	
MOH	Ministry of Housing	
MERIT	Monitoring, Evaluation, Reporting and Information Transfer	
NEON	National Electoral Observer Network	
NP	National Party	
NGOs	Non-Governmental Organizations	
PAC	Pan Africanist Congress	
PID	Project Identification Document	
PP	Project Paper	
PRISM	Program Performance Implementation for Strategic Management	
PSHG	Private Sector Housing Guarantee	
RSA	Republic of South Africa	
RDP	Reconstruction and Development Program	
SABCAP	South African Black Construction Assistance Program	
SABTACO	South African Black Technical and Allied Careers Organization	
SAG	South African Government	
UNDP	United Nations Development Program	
UNESCO	United Nations Education Scientific Committee	
VAT	Value Added Tax	