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# RESULTS REVIEW

FY 1995

## SOUTH AFRICA

**USAID**



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## ACRONYMS

AAI	African-American Institute
ACE	American Council on Education
ANC	African National Congress
API	Assessment of Program Impact
BEES	Black Entrepreneurship and Enterprise Support Facility
BICSN	Black Integrated Cooperative Support Network
BROAD	Business Representation Organization and Development Project
BUILD	Business Integration, Leadership and Development Project
CAAA	Comprehensive Anti Apartheid Act
CBO	Community Based Organizations
CDPA	Community Development Projects Association
COLD	Community Outreach and Leadership Development
CORE	Cooperative for Research and Education
CRIC	Career Research Information Centre
CSP	Country Strategy Plan
CUSSP	Community and Urban Support Services Program
DFA	Democracy for All
EDA	Environmental Development Agency
EDSA	Entrepreneurial Development Southern Africa
ELCRU	English Language Curriculum Renewal Unit
EOC	Educational Opportunities Council
ESAT	Education Support and Training Project
FY	Fiscal Year (October 1 to September 30)
GNU	Government of National Unity
HBU	Historically Black University
HDI	Human Development Index
HSRC	Human Sciences Research Council
ICHUT	Inner City Housing Upgrading Trust
IDASA	Institute for Democracy in South Africa
IEB	Independent Examinations Board
IFAA	Institute for African Alternatives
IFP	Inkatha Freedom Party
IMSSA	Independent Mediation Service of South Africa
INLOGOV	Institute for Local Government and Development
ISER	Institute for Social and Economic Research
INSET	In-Service Teacher Education
JET	Joint Education Trust
LAPC	Land and Agriculture Policy Centre
MCPT	Mathematics Centre for Primary School Teachers
NDI	National Democratic Institute for International Affairs
NGO	Non-governmental Organization
NIPILAR	National Institute for Public Interest Law and Research
NLC	National Literacy Co-operation
NP	Nationalist Party
NQF	National Qualifications Framework
OCI	Organization Capacity Index
OLSET	Open Learning Systems Education Trust

PAD	Philisizwe/Phedisasechaba Association for Development
PRISM	Planned Route into Science and Maths
R4	Results Review and Resource Request
RAU	Rand Afrikaans University
RDP	Reconstruction and Development Program
SAAAD	South African Association for Academic Development
SABC	South Africa Broadcasting Company
SABER	South African Basic Education Reconstruction
SABCAP	South African Black Construction Assistance Program
SAEDF	South African Enterprise Development Foundation
SAFPUM	SA Foundation for Public Management
SAVC	Special Assistant to the vice-chancellor
SAQA	South African Qualifications
SCAT	Social Change Assistance Trust
SEF	Small Enterprise Foundation
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro-Enterprise
SO	Subsectoral Organizations
SOMT	Strategic Objective Management Team
SUDS	Shelter and Urban Development Services
TELIP	Teachers' English Language Improvement Project
TELP	Tertiary Education Linkages Project
TEPS	Tertiary Education Program Support
UDW	University of Durban-Westville
UFH	University of Fort Hare
UN	United Nations
UNIZULU	University of Zululand
USAID	United States Agency for International Development
USAID/SOUTH AFRICA	United States Agency for International Development/South Africa
USIS	United States Information Service
UWC	University of Western Cape
ZOPP	Logical Framework (or ZOPP as it is known: an acronym which, translated, refers to 'object oriented planning procedures')

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# I. PROGRAM RESULTS

## 1995: THE YEAR OF TRANSITION

*"The only thing certain about South Africa in 1995 is change."*

A. Harber and B. Lundman (Eds.) *A-Z of South African Politics*, p.ix.

By the start of Fiscal Year (FY) 1995, there was a growing, general recognition within South Africa that the process of national transformation ahead would be as difficult as that of the anti-apartheid struggle just concluded. A popular metaphor describes the reconstruction and development of South Africa as akin to "building a ship while already at sea," and we would add: with a crew of vastly differing levels of experience and competence, following diverse blueprints for construction, steering at times in opposite directions, and carrying a patient but voracious boatload of passengers with high expectations that the ship make speedy progress on its forward journey.

### A. SUMMARY OF PROGRAM RESULTS

USAID/South Africa requested the assistance of five development stakeholders in understanding what results are being achieved by our partners in their organizational work and on the ground. Based on this results review, USAID/South Africa established some guideposts and targets for the way forward during the next year, the next five years and during USAID/South Africa's eventual phase-out in 2005.

Their conclusions are summarized below:

*"The portfolio of USAID/South Africa has had an impact on South African society. It affirms public conscience and organized social action, enhances the professionalism of a nongovernmental sector. USAID/South Africa develops the capacity of civil society, provides space and security for innovation and experimentation which find their way into public policy and public institutions. USAID/South Africa's grant making criteria and priorities configure the range and intensity of interventions into aspects of South Africa's transformation to a just and equitable society and its consolidation of democracy."*

Paul Graham, Institute for Democracy in South Africa (IDASA)

*"In 1989 the government was spending almost four times more money on White education than it did on African education. For the 1994/1995 financial year, per capita expenditure was R2,184 for Africans and R,5403 for Whites. We should also note that the activities of USAID grantees in the policy making area were also responsible for this increase in spending on African education because of the debates they engendered nationwide in the re-distribution of financial resources."*

Peter Dzvimbo, Rand Afrikaans University

*"The strength of USAID's Private Sector Development Program has been in its ability to correctly identify the problems faced by the SMALL, MEDIUM AND MICRO ENTERPRISE (SMME) sector through research and wide consultation of the relevant stakeholders in the sector, and in targeting organizations with a high potential for impacting on the firms in the sector positively."*

Renosi Mokate, Pretoria University

The report has found that there are several cross-cutting themes of impact. They include policy formulation and a range of approaches related to capacity building, which enhanced the ability of the new regime to govern

effectively. Capacity building incorporates development of human resources, structures, and systems. Each strategic objective area shows several accomplishments in these twin foundations upon which effective political, economic, and social change will be built in South Africa.

The process of this review itself is good evidence of the transitional character of FY 1995. Most strikingly, in keeping with the Agency's emphasis on partnership, transparency and consultation, through a competitive proposal process, USAID/South Africa invited a stakeholder organization, Aurora Associates International to work with its newly formed Strategic Objective Teams (SOTs), to help facilitate the development of the API, and even more significantly, to utilize expert South African organizations to help organize the assessment approach, collect and analyze the data, formulate conclusions and recommendations and provide input in the process. The use of experienced South African and U.S. partners to conduct this assessment and provide feedback from the field, even while working closely with the SOTs, represents a demonstration of commitment to the Agency's core values and new way of doing business, during a transitional period when things are all but guaranteed to be less than perfect.

<u>Institution</u>	<u>Lead Personnel</u>	<u>Principal Area of Responsibility</u>
Aurora Associates International	James M. Statman, Ph.D.	Overall coordination and management; project design and reporting.
Human Sciences Research Council (HSRC)	Elize van Zyl	Development and pilot testing of an Organization Capacity Index (OCI) for NGOs.
Institute for Democracy in South Africa (IDASA)	Paul Graham	Democracy and governance.
Rand Afrikaans University (RAU)		
Department of Education	Kuzvinetsa P. Dzvimbo, Ph.D.	Education
University of Pretoria		
Centre for Reconstruction and Development	Renosi Mokate, Ph.D.	Economic sector: housing, urban development and private sector development.

The changes in political dispensation on the ground in South Africa, in the Southern Africa region, and the more general reconfiguration of global polity into the post cold war landscape, shaped USAID/South Africa's work in FY 1995. These wholesale changes, particularly in South Africa's political environment, along with the enactment by the U.S. Congress of the South African Democratic Transition Support Act in January 1993, necessitated a far-reaching examination and redesign of USAID/South Africa's projects.

For USAID/South Africa, FY 1995 represented a pivotal year of transition, bringing major changes in the way in which the Mission plans and conducts its programs. The dimensions of change are most obvious in the Mission's principal strategic objectives (SO) reviewed in this report: SO1 - Democracy and Governance (including human rights, community development and transition support activities); SO2 - Education; and SO3 - Economic Empowerment (including private sector development and housing and urban development.)

With successful democratic elections and the establishment of the Government of National Unity (GNU), USAID/South Africa could begin formulating bilateral agreements with the new South African government. This

marked a major shift in project design and program focus. Since its inception, the program focused almost exclusively upon support of NGOs. Now it involves a mixed model which increasingly involves partnerships with national and provincial government officials. Collaborations between the GNU and NGOs are encouraged, a further significant manifestation of the new reality. These new opportunities present challenges as well as stresses in the ever evolving relationship between USAID and its traditional NGO partners. This is a starkly transformed context in South Africa since February 1990 when Nelson Mandela walked out of prison.

At the start of FY 1995, USAID/South Africa initiated a process of critical analysis and program redesign, which included extensive discussions and consultations with representatives of South Africa's Government of National Unity (GNU), with NGOs and other donors. In June, 1995, the Mission completed a concept paper, *Sustainable Transformation in South Africa*, which charts its goal, strategic objectives and strategy, and points the way forward for the years ahead. The concept paper serves to formally target USAID assistance in support of the South African Government's Reconstruction and Development Program (RDP) and specifically aims to achieve the goal of sustainable transformation. Thus, a bit less than three-quarters through FY 1995, USAID/South Africa could assert that its program had "changed dramatically since the (April) 1994 elections;" an impressive example of administrative and operational retooling, even while maintaining support of ongoing program activities.

FY 1995 was also the year of transition to the "reengineered" USAID, a program of Agency reorganization and reform which stresses the "core values" of teamwork, empowerment and accountability, customer focus, and an orientation towards results. The new USAID framework encourages creativity and greater responsibility and accountability at the operational level. The focus is on consultation and transparency of process, with the achievement of measurable, defined results. These must support the Mission's strategic objectives which are conceptually linked to the Agency's overall goals. Like all missions and offices within the Agency, this process of "reengineering" recasts roles, responsibilities, and operational methods within USAID/South Africa, necessitating further transformation within the South Africa Mission during FY 1995.

Building upon its history of consultation with its partners, customers, and stakeholders in South Africa, USAID/South Africa organized a series of consultative meetings and discussions to provide input into the work of strategic objective teams of Mission personnel, which were charged with conceptualizing and articulating desired results, targets and baseline indicators. USAID/South Africa developed its first long-range, comprehensive Country Strategic Plan (CSP), which provides overall strategic guidance for the program into the next century. The Management Contract discussed in Part III of this report is based on that document.

In summary, for USAID/South Africa, FY 1995 was a year at the very heart of an extraordinary moment of change, representing a period of clear transition from the former to the current realities. The context, the environment within which the Mission conducts its work—including U.S. domestic political and budgetary realities; USAID agency-wide policies and procedures; political changes in the Southern Africa region; the historic transition to democracy in South Africa; the establishment of bilateral relations; the change in legislative mandate; and the reengineering of the Mission's structures and procedures—all served to create a unique, exciting and challenging time of change.

Like all moments of transition from one stage, system or epoch to another, FY 1995 reveals a characteristic transitional "messiness;" in which characteristics of the old system, paradigm, context, activities, overlap and coexist with those of the new...such is the nature of change. The framework and dimensions through which are examined the outcomes of program activities, were not organized with clear, predefined baseline measurements and systematic points of assessment. Things were changing too rapidly for that: the conceptual framework through which Mission activities were organized through the first eight months of the fiscal year (the March 1993 *Strategy Concept Paper*) changed with the adoption of the *Sustainable Transformation Concept Paper* in late June, 1995. Yet as we will see, these activities do give evidence of change, of reconceptualizing and redirecting activities to achieve results within a new dispensation. Our results show specifically, in keeping with our earlier metaphor, we are helping to set a new course.

Fiscal Year 1995 was the first full year in which South Africa lived under a democratically elected government, with a Constitution and Bill of Rights, and a policy of transformation acceptable to the broad majority of citizens.

USAID/South Africa was there—and we made a difference. As President Nelson Mandela noted, it was a year in which a great deal was achieved:

*If these achievements are something to be proud of, this is because they have laid the foundation to make a real impact on the inequities of the past. For we are only at the beginning of a long journey, a journey we should undertake with expedition, if our consciences are not impervious to the cries of desperation of millions. But this is a journey, too, that requires thorough planning and tenacious industry, if we are to remain on course and capable of sustaining our march.*

President Nelson Mandela, Opening Address to the Third Session of Parliament, February 1996

#### MACROECONOMIC ENVIRONMENT

South Africa faces two principal challenges within the economic sphere. These are the need to achieve employment generating economic growth and the creation of a more equitable society. During the period of the 1993 API, South Africa experienced higher economic growth rates than it has over the past three decades. In 1995, South Africa continued to face the challenge of substantially increasing the growth of its economy and achieving greater equity in its society. The country saw the economy achieve an annualized 3 percent growth rate in real gross domestic products. This growth was largely the result of higher levels of output in manufacturing, which grew 8.5 percent higher in 1993 than in 1994. However, in spite of the positive signs in GDP, growth in employment remained unchanged between 1994 and 1995. This is in part because any growth in employment in 1995 has not been high enough to impact on the job losses experienced in the past years. This is a reflection of a long term structural problem in the South African economy in which employment growth does not respond strongly to growth in the economy forcing more and more people to rely on the informal sector for economic survival.

The lag in employment growth relative to increases in output has been related to other factors. These include the increase in non-wage cost of labor associated with the extension of statutory labor requirements and regulations to all workers, a tendency toward subcontracting to smaller firms due to rising labor costs and unrest, and the increasing rates of real remuneration of unskilled labor relative to the profitability of firms.

- South Africa's public finance arena has been guided by the commitment outlined in the RDP white paper by the government to:
  - Gradual reduction in the fiscal deficit;
  - Ensuring that recurrent government expenditure does not increase in real terms;
  - Reducing government dissaving overtime;
  - Changing the ratio of government spending towards increased capital spending; and
  - Financing the RDP through budget reprioritization.

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The challenge for economic growth in the South Africa is made more urgent by the state of poverty and inequity in the society. The main findings of a recent report on the Key indicators of poverty published by the Office of the Reconstruction and Development<sup>1</sup>, were that:

- > South Africa has the worst record in terms of social indicators (health, education, safe water, fertility) and among the worst records in terms of income inequity among comparable middle-income developing countries.
- > Nearly 95 percent of South Africa's poor are African, 5 percent are Coloured, less than 1 percent are Indian and White.
- > Africans have nearly twice the unemployment rate at 38 percent or Coloured 21 percent, more than three times the unemployment rate of Indians (11 percent) and nearly ten times the unemployment rate of whites (4 percent).
- > 75 percent of South Africa's poor live in rural areas, concentrated in the former homelands and TBVC states.
- > Unemployment rates among the poor stand at 50 percent, compared to only 4 percent among the richest 20 percent.
- > Female-headed households have 50 percent higher poverty rated than male-headed households.
- > Over 45 percent of the poor are children below 16 years.

The above conditions are a strong indication that strategies for improving the quality of life of South Africa's poor must address both economic growth and equity issues. The key areas of intervention which have been identified by the GNU to improve the quality of life of the majority of South Africans are private sectors development with an emphasis on small, medium and micro-enterprise development and housing and urban development. Both are seen as strategies which can contribute to employment generation, as well as. creating greater equity.

## II. PROGRESS TOWARDS STRATEGIC OBJECTIVES

### A STRATEGIC OBJECTIVE: HELPED CONSOLIDATE DEMOCRATIC GOVERNANCE

#### *Masakhane - Building Together Now*

*"...above all, we must share a common vision so that we can work out together the best way to achieve our goals; that is the ongoing process of the RDP. Our vehicle to transform South Africa and implement the RDP is the Masakhane Campaign. In working together, let us not just ask "what can our country do for us?" but "what can we do for ourselves and our country?"*

*Nation Building - Let it begin with me*

#### Strategic Objective Context

Democratization and governance lie at the heart of South Africa's transformation process. While democratization alone is not sufficient to insure national reconciliation, reconstruction and development, it is certainly the necessary base upon which progress in other sectors must be built. FY 1995 began less than six months after South Africa's first democratic national elections and ended one month prior to local elections held in most of the country. This marked a crucial period for democratic transition and consolidation for which South Africans struggled for so many decades. Shaping the structures, mobilizing resources, and ensuring participatory

mechanisms are part of the new challenges facing South Africans.

With the election of President Mandela and installation of the Government of National Unity (GNU), South Africa entered a new phase of democratization: an intense period of political development and nation-building. Within this evolving political context, USAID/South Africa refocused SO1 to address issues related to strengthening democracy, governance, and participatory development.

SO1, as revised, explicitly recognizes the need to enhance the effective functioning of democratic governance. This SO also recognizes that in the process of development, institutions of civil society freely participate as partners with, and at times, critics of government. This process is essential to the creation of genuine sustainable democracy.

To set the context for SO1 intermediate results, it is worth briefly noting the magnitude of the critical challenges confronting the new, democratic South Africa in FY 1995. The 1993 national elections established nine new provinces, each faced with significant challenges. They had to redefine their form of governance and civil service, and draft appropriate legislation to support democratic transformation. In seven out of the nine provinces, there was no existing administration, no provincial capital, no single civil service, no budget. Rationalization of a civil service, launching of legislatures and legislative program, and preparation for the local government elections all posed serious obstacles and took longer than originally anticipated.

By the end of the year the Constitutional Court, the nation's highest judicial authority, was in place. The Human Rights Commission had been selected and legislation was being piloted through Parliament for the Truth and Reconciliation Commission, a critical body addressing the volatile, divisive issue of apartheid-era crimes against humanity. The Court was involved in a review of the Constitution, and in a landmark decision confirmed the supremacy of parliament and limitations on the power of the President in relation to changes in legislation. Two of the anticipated reform entities, the Gender Commission and the Public Protectorate, were not yet in place. The Constitutional Assembly began a public and well publicized negotiation on the content and form of the final democratic constitution. On the labor front, the establishment of subsectoral review organizations and the passing

of labor legislation encouraging mediation confirmed that stakeholder forums and compacts between interest groups would continue to be necessary into the period between the first and the second national elections.

Nongovernmental organizations (NGOs) found themselves under pressure as the demands of state drew senior leadership into government, or through the new needs of the corporate sector, into business leadership. A perceived shift of donor priorities towards the newly elected government and its Reconstruction and Development Program (RDP) put added pressure on this sector. Towards the end of the year, when the role of the NGO sector in supporting and developing democracy and responsible citizenship was more clear, NGOs began to redefine themselves. Nevertheless, those whose work was clearly 'the business of government' found themselves under pressure. The closing of the National Youth Development Forum which crippled the progress that had been made in providing policy and services to the many young people in the country is only one example.

The RDP, central to government policy, has four aspects: the transformation of the state, transformation of society, people driven development projects and Presidential projects. The priorities within these four areas are intended to reduce poverty, provide peace and security, deepen democracy and build the nation. While central to government policy, the RDP itself was only a small coordinating office unprepared for the expectations which were heaped upon it to deliver. It took much of the year to communicate the vision of the RDP and there are many priorities which remain unachieved. Nevertheless, the concept of RDP permeates all discussion of policy and priorities.

In response to these fluid challenges, USAID/South Africa provided strategic interventions aimed at achieving the following intermediate results. Reflecting the changing priorities, a set of grants had stated results that were consistent with the March 1993 strategy while "trendsetting" grants had stated results aligned with the June 1994 Concept Paper.

USAID/South Africa supported a broad program of activities aimed at SO1. Intermediate results (IRs) were achieved in the following six areas:

- Strengthened Government-civil society organizations' cooperation in local reconstruction and development.
- Increased access to Judicial systems and human rights protection.
- Strengthened civil society in selected areas.
- Strengthened participatory governance in selected areas.
- Improved capacity to handle local elections.
- Improved capacity for governance and public administration.

## QUALITATIVE AND QUANTITATIVE ASSESSMENT OF IMPACT

### **SO RESULT: HELPED CONSOLIDATE DEMOCRATIC GOVERNANCE**

A recent assessment of program impact on the consolidation of South African democratic governance concluded that:

*USAID/South Africa's program affirms public conscience and organized social action, enhances professionalism of a non-governmental sector, develops the capacity of civil society, provides space and security for innovation and experimentation which find their way into public policy and public institutions, and through grant making criteria and priorities configures the range and intensity of interventions into aspects of South Africa's transformation to a just and equitable society and its consolidation of democracy.*

*USAID/South Africa's presence makes a difference and that is confirmed by the number of South African partners who continue to be associated with the program both formally and informally. USAID/South Africa, thus, has strengthened essential elements needed in a democracy and contributed to their sustainability over time. Through achievement of SOI's intermediate results, USAID/South Africa has helped consolidate democratic traditions and strengthen political empowerment of the historically disadvantaged.*

South African partners understand that democracy is a complex concept which acquires a negotiated meaning in every context. "Democracy grows up indigenously and in country after country it looks different, feels different." Mindful of the contextual nature of the democratic endeavor while allowing for comparability with other types of democracy, South African partners have posed a challenge to USAID/South Africa—develop a South Africa Democracy Index which can be accepted both by the Agency which appears to favor a modified Freedom House Index and by South African partners. Because South Africans are closer to the baseline or the founding moment of democracy and because of a very well-documented transitional process, the notion is to create an Index which will take into account the Freedom House Indices, the comparative record of democratic consolidation, the South African transition, and South Africans' self-perceptions of democracy.

## INTERMEDIATE RESULTS

### *IRI.1. Government-civil society organizations' (CSO) cooperation in local reconstruction and development strengthened.*

GNU policy on reconstruction and development stresses that it should be people driven. This sets the scene, with a broad national consensus, for a strong interaction between government and organized citizens. The high expectations, and understandable confusion over who should take the initiative, and the difficult process of planning and organization required to operationalize the RDP meant that throughout FY 1995, a great deal of planning, consultation and discussion took precedence over what South Africans call "delivery". While this perceived delivery-gap generated some impatience and frustration, USAID/South Africa activities produced significant results leading to cooperative efforts between GNU/CSO to conduct the planning, consultation and organization necessary to help pave the way for enhanced RDP delivery in FY 1996.

Through its grant with the Institute for African Alternatives (IFAA), USAID assisted in creating the Gauteng Core Group, an effective organization which facilitated community representation in the RDP of that province. The Core Group is composed of members of NGOs and representatives of the provincial Premier's office and the RDP office. The group was formed in August 1994 following a series of consultations supported by USAID. During FY 1995, the Core Group formed over 100 Community Development Forums (CDFs) and Local Development Forums (LDFs) in the Gauteng Province. In July 1995 a conference of 1,000 RDP stakeholders looked at the future roles of the CDFs, LDFs and the Core Group itself, which now is responsible for interpreting the Development Facilitation Bill and developing Land Development Objectives at local level. This represents a major step for participatory development in South Africa, where people whose lives are affected by decisions do play a role in the decision-making process.

In the Western Cape, there is a concern for how development work can be done in rural areas, where there is not the same depth of government and non-governmental resources. The Social Change Assistance Trust (SCAT) worked with 86 rural advice centers spread across the southern part of South Africa. A report on these activities concluded that:

These community structures have played a pivotal, if largely unacknowledged role in community development. Besides doing casework which brought administrative justice to communities, they also initiated campaigns, projects and established other organizations. They mediated in conflict, attracted resources, and educated people. Rural advice centers are well placed to act as development bodies as they were forced by the kind of service they provide to stay in touch with the needs of the poorest and neediest sections of their communities. Advice offices are a cost-effective way to create local capacity.

SCAT is now looking at ways in which the development function of the advice centers can be strengthened. In the east of the country, a very different organization, (and like SCAT led by a woman), was also working on the RDP at local level. The Philisizwe/Phedisasechaba Association for Development (PAD) linked democracy, development, and rural realities. As part of its in-built democracy education and harmonization of traditional/indigenous and modern systems of governance, PAD facilitated the formation of reconstruction and development monitoring committees in parts of KwaZulu Natal, Eastern Cape and Mpumalanga. PAD sees this as broadening its non-conflictual approach to rural democracy building.

While the RDP has both a rural and urban development component, the demands on organizations working in both contexts are considerable if they are to access development assistance. The Environmental Development Agency (EDA) which has been operating in this field for many years, has holistic programs in both the Northern Province and Matatiele where it helps existing clients on planning, organizational development, institutional development and capacity building. In the Matatiele program area the client base has grown beyond Ncedisizwe Development Organization to cover a wide range of community organizations as well as schools and government departments in the Maluti and Mount Fletcher districts, considered to be among the most inaccessible sites in South Africa.

### *IR1.2. Increased access to equitable justice systems and human rights protection.*

Prior to 1994, bilateral aid with South Africa was not possible. After the elections, transitional assistance packages could be followed by formal long term intergovernmental agreements. It was in the human rights and justice area, appropriately, that the first of USAID/South Africa's GNU bilateral assistance agreements was signed. In the agreement, the context within which human rights activity takes place in South Africa was outlined, and the key components of the project established:

- If the peaceful nature of the political transition is to be maintained, the establishment of a human rights ideology and culture and the transformation of the judicial system is important. The transformation of the system has to be carried out in accordance with the RDP and must be designed to facilitate fundamental changes in South Africa in accordance with democratic principles. Democracy and participation are the *sine qua non* conditions on which the project is based.
- An innovative approach piloted under this first agreement with the GNU is the continued involvement of the NGO community in playing a major role by complementing the functions of the formal justice system with functions that alternative systems, such as advice centers can perform. Initial lower-level results of this agreement include partnerships like the following: civil society participation with the "Democracy for All" program of Street Law at the Community Law Centre in the Western Cape. Democracy for All (DFA) is developing a schools based democracy or civic education curriculum.
- The Community Dispute Resolution Trust supports nine Community Justice Centers.
- In mid FY. 1995, the Mdantsane Centre rapidly established itself with the local civic organization, the police and other local organizations who, according to the report "are already referring cases to the Centre."
- The Kokstad Justice Centre reported on the type of cases a rural center faces -- 120 labor-cases relating to farm workers ranging from unfair labor practice, workers right to exercise democracy, assault and threat with shooting, injury at work and failure to compensate and also unfair evictions.

Access to justice requires a culture of human rights, responsive institutions and an educated citizenry. Through 36 grants to NGOs in support of justice centers, advice offices providing legal assistance, educational interventions in non-formal and formal settings, and policy reform initiatives, longer-term desired results of a human rights culture and transformation of the justice system can become a reality.

### *IR 1.3. Civil society strengthened in selected areas.*

During apartheid, voluntary associations and organizations (trade unions, community based membership organizations, professional and welfare associations and service and relief agencies) grew. They were supported by churches, international donors and individuals and formed a link with the liberation movement in exile as well as inside the country to ensure that apartheid ended.

With the concept of participation entrenched and citizenship rights enshrined in the constitution, the transformation of this national asset into a civil society capable of protecting and consolidating democracy is essential. USAID/South Africa has strengthened civil society organizations both for particular programs of a variety of organizations and institutions and through institutional support. In 1995, for example, several CSOs completed sustainability studies. Although these studies took considerable time for organizations, they seem to have proved particularly useful and have alerted partners to the challenge of organizational durability in a post apartheid South Africa. Sustainability questions will continue to be considered in the light of the 1996 results framework.

Benjamin Barber suggests that "the work of democracy is the mundane difficult unending task of civic education." A number of the partners provided such programs to a range of citizens, organizations and institutions. In addition, they were reshaping their strategies to come to terms with the politics of reconstruction rather than the politics of resistance. Examples of lower-level results in this area include:

- ERASE, an anti-racism and sexism program in the Western Cape, reached 3,000 youth.
- Philisizwe/Phedisasechaba Association for Development (PAD) which operates in four of the nine provinces in South Africa has six associations and a membership of over 2,000 individuals.

#### Conflict Resolution

With significant support from USAID, the field of conflict resolution in South Africa has become extremely diverse and professional. Extended investment in a limited number of organizations over time has resulted in some significant achievements, and the development of a society that values mediation, conflict resolution and alternative dispute resolution, building it into legislation and statutory institutions. As a result of these activities, South Africa has many well trained and skilled mediators, and a number of professional associations have emerged to support their work. Through nine large development-focus grants, USAID/South Africa has played the major role in assisting in the emergence of a dispute resolution profession in South Africa and in community based conflict resolution activities. A statutory mediation service is being established in South Africa with input from IMSSA and support from USAID among others.

The variety of NGO partners with enhanced capacities in conflict mediation include:

- ACCORD, a university based NGO in KwaZulu Natal, is perhaps the best known of the partners, doing work in peace training and early warning systems. It also works with Historically Disadvantaged Institutions (HDIs) in developing conflict resolution tertiary training.
- CDRT has begun work with a Mediation and Conciliation Centre which was set up to provide mediation and conflict resolution services initially to small and medium sized enterprises (SMEs) and institutions.
- At a community level, the Peace Corps (South African) and Pula Foundation provide inter personal and inter group conflict resolution and conciliation services in war-torn townships.
- Vuleka Trust and the Independent Projects Trust in KwaZulu Natal provide training in negotiation and mediation, using that credibility to assist in various conflicts within the province. Vuleka administers a small grant fund which frees church leaders to assist in the crucial broker role which the heated political tension of the province seems to require at regular intervals.
- The Independent Mediation Service of South Africa (IMSSA) celebrated its tenth anniversary, appointed a black woman as director, and continued its pathfinding work in industrial and community mediation.

IMSSA founder Loet Douwes Dekker believes that IMSSA's impact during the last ten years has been remarkable. IMSSA demonstrated that:

*"...conflicting and inherently different interests can work together and that people and groups can go beyond conflict to common consensus, and build relationships acknowledging interdependence while respecting independence."*

IMSSA has contributed to the accumulated impact of installing dispute resolution and conflict mediation as accepted practices in South African society. IMSSA has made a lasting contribution towards the maintenance of a peaceful industrial and community relations climate in South Africa. Two key examples -- IMSSA has mediated about 1,300 industrial disputes which has resulted in increased wages or reinstatement of dismissed workers which have involved thousands of people; and in one politically volatile community, IMSSA records show that when the community went into mediation politically-motivated deaths dropped to zero. IMSSA also offers a wide range of professional services.

During the next review, USAID/South Africa will feature results achieved by NGOs doing conflict resolution. This discussion will look at types of dispute/conflict resolved, types of resolutions reached, and number of parties affected by the resolution reached.

#### Public Policy Monitoring

The institutionalization of a competent, active policy monitoring function within civil society is an essential component of democratic development. While three grantees focus specifically in this area, increasingly, other partners are using the expertise they have gained to advocate policy positions and to participate, on their own initiative and at government request, in public policy debates. Several examples of lower-level results in public policy monitoring include the Foundation for Contemporary Research which formulated the Western Cape's provincial transport policy and the Land and Agriculture Policy Centre (LAPC), an autonomous policy research and advocacy agency, which drafted the Government's land policy and will play a key role in monitoring the implementation of the land policy.

Standing at a more significant distance from government is the Institute for Democratic Alternatives in South Africa (IDASA) Parliamentary Information Centre (PIC) which was launched during FY 1995. With the intention to scrutinize the performance of parliament and to provide the public with the information and tools to do this scrutiny themselves, the PIC has published extensively during the year, with Parliamentary Whip a particular success with distribution beyond its audience of parliamentarians.

There is a fine line between monitoring public policy and providing support to formulate policy. Many NGOs find themselves working closely with the new government because of the strong joint commitment to the goals of democracy, transparency and accountability. Lessons are still being learned about how to provide the best mix of critical solidarity (or loyal opposition) which is required in a developing democracy. It remains important, therefore, to have a range of diverse organizations involved in public policy monitoring.

#### *IR 1.4. Strengthened participatory governance in selected areas.*

Three Washington-based organizations have worked in South Africa since before the 1994 elections and have established a joint office and secretariat to work with government and political parties to strengthen their commitment and skills in sustaining participatory governance. The work of these three U.S. partners has helped to transfer basic governance skills, concepts and technology, building the capacity of South African political parties and provincial legislatures to better serve their constituencies and encourage public participation.

- The International Republican Institute (IRI) engaged in party strengthening activities in the KwaZulu Natal province and has adopted a local government intervention.
- The Joint Center for Political and Economic Studies (JCPES) has stepped into a rather serious vacuum in support for youth policy and institution building. A workshop in each of the nine provinces brought

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together 35 - 40 stakeholders in the field of youth development. Participants formulated recommendations for a provincial policy framework and for program implementation. >

> The National Democratic Institute (NDI) provided a substantial local government election support program, support for an Ethics Bill and training for provincial legislatures.

#### *IR 1.5. Improved capacity for local level elections.*

A significant activity linked to the 1994 elections was completed during FY 1995. This was the publication of *The People Shall Govern: A Dream Realized* - review of the 1994 election management process in SA, 1995 by the Cooperative for Research and Education (CORE). The report was the outcome of an extensive analysis and evaluation of the election process. The report provides information on lessons learned for the next national or local elections. Included in the report are key accomplishments of election support: holding a national elections summit and preparing a series of election administration manuals.

While there is still a great deal of work to be done in ensuring that the proposed independent electoral commission for South Africa has sufficient expertise and administrative capacity to run future national, provincial and local elections, the CORE report provides one of the few domestic foundations for this, and thus represents an important result in this area.

CARE South Africa, which works primarily in the Free State province, continued their voter education work for the local government elections, which eventually took place in most parts of the country on November 1, 1995. CARE was one of the few organizations able to mount a significant voter education campaign—Project Vote and IFES were others. One of the reasons for this was the very local nature of the elections with no central authority, and with differing voting procedures and party profiles at each local authority.

Particularly helpful in providing resources for those who were able, either independently or in collaboration with election authorities, to provide voter education, was the NDI Election Newsflash and Directory. The Directory was made available nationally to all those listed and formed the basis of the national broadcaster (SABC) election day results database while the Election Newsflash was faxed and e-mailed to all those with a stake in the successful outcome of the election.

As with the national elections, voter education workshops were an important delivery modality for local elections training, not only for the information they impart, but also because of their empowering, organizing function. The Women's Development Foundation experience in delivering grassroots workshops is a common one:

[At] the workshop which was held in the Northern Province .. participants were given a chance to understand and pose questions regarding the local government pre-interim stage in relation to the developments in their communities. This was achieved through providing participants with information regarding the up coming elections. The evaluation and feedback from participants is that they feel empowered because they have been able to impart the knowledge gained from the workshop to their communities.

Operating on a far larger scale, IFES undertook a comprehensive voter education campaign in Mpumalanga province, in coordination with the Voter Education Task Team and the provincial Gender Commission. Vast resources were marshaled for this campaign which included the employment of over 85 local field operatives, the production and deployment of over 300 cassettes in five languages, and the distribution and monitoring of over 100 videos. In addition handouts detailing voting information were distributed and a comprehensive radio buy was placed to complement the program. The core of the program focused on door to door canvassing accompanied by broadcast of the tapes over "loud hailers". This component successfully reached in excess of 100,000 voters. The second component targeted 14 mines employing an average of 7,000 miners each.

A national Election Task Group was established as a Ministerial Committee to co-ordinate and advise the Provinces and local authorities on the elections and IFES posted three technical elections experts to assist with the development of training and operational manuals for use in the local elections. By the end of FY 1995, the first universal voter registration had been completed and, in areas where there had been no disputes over boundaries and local government models, elections were concluded on November 1, 1995. In the Western Cape and KwaZulu Natal as well as a smattering of other local areas, elections are still to happen at the time of this writing. This has itself put stress on election support programs which now run over the intended fiscal year—an apparently occupational hazard for elections in transitional societies.

For some years, NDI has been responsible for conducting Project Vote, which focuses on election education through publications and training. During FY 1995, Project Vote became an independent South African non-governmental organization with its own board and (all South African) staff. **Project Vote's transformation into an independent South African NGO is a major result of the Washington-based partnership with USAID/SOUTH AFRICA.**

*IR 1.6. Improved capacity for governance and public administration.*

USAID/South Africa is funding a variety of activities focused on bolstering capacity for governance and public administration. Technical assistance, exchanges, workshops and a certificate program are provided, in conjunction with the United States Information Service (USIS), and the Institute for African Alternatives, AFRICARE and the South African Foundation for Public Management (SAFPUM), as partnering institutions. These activities, which generally target a selected group of key individuals, such as support for interns in Parliament and for an intern in the Constitutional Assembly, have provided a positive impact.

Working with the civil service is one of the most crucial of transformative tasks in South Africa. As SAFPUM pointed out in a project report:

Because of the compromises made in the negotiations which guarantee continued employment of the pre-election civil servants, the government is going to find it increasingly difficult to achieve its objective of a non-racial civil service in the near future.

During the next few years, the demand on the public and non-governmental sector in South Africa will expand rapidly as the country faces the twin challenges of promoting economic growth and development on the one hand and the diversification of its management and professional cadres on the other. The process of policy change, as the country moves to entrench a non-racial government, will require the maintenance of existing management capacity as well as enhanced development management capability at all levels of government and in the non government organizations that, through contracting out and public private partnership efforts, will serve as extensions of the policy implementation process. These goals will have to be met within the context of the rationalization of government systems at the national, provincial and local levels.

During FY 1995, SAFPUM conducted workshops and conferences in the areas of governmental functions, strategic management, public service management and public service transformation for over 200 civil servants. In particular, a coordinating conference co-organized by the Department of Public Administration of Venda University and the School of Government of the University of the Western Cape on the role of Historically Disadvantaged Institutions brought together the Public Service Commission, universities, technikons and the donors.

Through its cooperative agreement with AFRICARE, USAID sponsored training workshops and observational tours focusing on governance for national and provincial officials. Approximately 254 officials participated in workshops focusing on provincial economic issues, national health policy and legislative processes. 47 provincial and governmental officials visited the United States for programs focusing on trade and investment, national health policy, managing diversity in the workplace, and national-provincial relations.

To meet the pressing need for governance skills stemming from the landmark reform and restructuring of South African local government, IRI conceived a training program to provide vital skills to transitional councilors, local government candidates, and newly elected councilors. In January 1995, IRI began a partnership with the Institute for Social and Economic Research (ISER) at the University of Durban-Westville (UDW) to further develop and manage the project. The focus of the IRI program was not to teach public administration. The purpose was to furnish information about the tasks ahead and provide practical skills which will enable councilors to represent constituents effectively and to deliver on campaign promises, particularly those promises related to economic growth and development. The IRI Durban office completed and printed training materials for local government councillor training and conducted four highly successful workshops.

### EXPECTED PROGRESS IN 1996/8

Building on a ten year base of activity in the areas of democracy, governance and participation, the missions strategy through the end of the decade is to focus on an integrated approach to further develop sustained structures and systems to: insure human rights protection and access to equitable justice; develop effective structures to mediate political and community conflict; elaborate effective structures for meaningful public and CSO participation in public policy development; facilitate effective public service and provincial governance; and to promote innovative provincial development partnerships among government, CSOs and the business community. During FY 1996/8, the Mission will conduct activities aimed at specific targets in each of these Intermediate Result areas which serve to consolidate, integrate, expand, and sustain the democratic gains of the past year.

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**STRATEGIC OBJECTIVE 2 HELPED ESTABLISH A MORE  
EQUITABLE AND EFFECTIVE EDUCATION SYSTEM**

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### Strategic Objective Context

The legacy of apartheid—unequal education, perhaps the most fundamental of its separate development precepts—and its implications for all sectors of development will persist for decades. There are 15 million illiterate adults<sup>2</sup> in South Africa with an estimated literacy rate of 65.1 for Black South Africans, as compared to nearly 100% for the White population.<sup>3</sup> Africans remain on the bottom by far for all indicators of education: mean years of schooling in 1991 for Africans was 5.53, compared to 8.78, 6.94 and 11.02 respectively for Asians, Coloreds and Whites.<sup>4</sup> In 1994 Africans represented only 27% of enrollment in secondary school (76 percent of the population), as compared to 40 percent for Whites (13 percent of the population), 39 percent for Indians (3 percent of the population) and 26 percent for Coloreds (9 percent of population).<sup>5</sup> In 1994, 7.6% of African children were out of school, as compared to 5.3 percent of White children, 6.1 percent of Colored children and 3.7% of Indian children.

Funding inequities in facilities and teacher development have undergirded effects which reverberate through every level of education. As recently as 1993, the pass rate for Standard 10 (the equivalent of a high school education), was 39 percent for Africans, as compared to 97 percent, 86 percent and 91 percent respectively for Whites, Coloreds and Asians.<sup>6</sup>

While the central importance of this strategic objective has not changed from 1993 to 1995, what has changed, with the transition to democratic government, are the loci and mediums of intervention. The Comprehensive Anti-Apartheid Act of 1986 (CAAA) precluded funding to the apartheid South African government. The successor legislation—the South African Democratic Transition Support Act of 199—only allowed funding to government structures after free and fair elections were declared. A consequence was that education received the lion's share of USAID funding through FY 1995 because funding could be channelled through NGOs. Through 1995, most of these resources were channelled through NGOs and 80 percent went to tertiary education, because of an emphasis on bursaries to redress skills inequities and prepare black South Africans for leadership roles in post-apartheid society. By 1995, there was a downward shift in funding from tertiary education towards basic education, with less emphasis on sending South Africans abroad as local tertiary institutions democratized. Also, FY 1995, beginning in October 1995, saw the beginning of support to South African government structures through the provision of assistance to provincial education ministries via the South African Basic Education Reconstruction Project Indefinite Quantity Contract.

This shift heralds the appropriate transition to new emphases in the 1996, reengineered strategic objectives for education—“Transformed education systems based on equity, access, and quality”—with a focus on supports for

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<sup>2</sup>DBSA, 1994.

<sup>3</sup>While the term Black has been used in some USAID/South Africa documents to refer to jointly to Coloreds and Africans in South African usage, recent statistical sources use Black and African interchangeably, distinguishing from Coloreds; this document follows the latter usage.

<sup>4</sup>RSA, Statistics in Brief, 1995, Central Statistic Service

<sup>5</sup>Education Foundation, *An Education Profile of South Africa, 1994*, p. 125

<sup>6</sup>Basic Education Sector Assessment, USAID/SOUTH AFRICA, Sept. 1995, p. 37.

bringing about sustainable reforms, through policies, organizational systems, adequate human resources and functional infrastructural capacity.

## **ALIGNMENT WITH SOUTH AFRICA S POLICIES**

The 1995 National White Paper on Education represents the beginning of a non-racial and democratic transformation of the South African Education system. During the days of apartheid, the education system was managed on the basis of a racist and an ethnic-based ideology by nineteen operating departments under the control of fourteen different cabinets implementing their own regulations in terms of twelve education acts. The National White Paper on Education sets the parameters for the following key elements of education and training in South Africa: the reconstruction and development of the education and training program at national, provincial and local levels; the constitutional and organizational basis of the new system of education and training; and the financing of the education system at all levels.

These key elements of the National White Paper on Education are intended to re-direct the education system towards issues of equity and effectiveness that are the focus of SO The elements are also intended to position education and training within the broad framework of the Reconstruction and Development Program (RDP) which contextualises all transformation efforts in South Africa. USAID policy, is therefore, completely consistent and supportive of SA policy.

## **QUANTITATIVE AND QUALITATIVE ASSESSMENT OF IMPACT**

### **SO RESULT: HELPED TO ESTABLISH A MORE EQUITABLE AND EFFECTIVE EDUCATION SYSTEM**

Indicators:       # programs replicated/adapted  
                       per capita spending  
                       gap in enrolment rates between whites and blacks  
                       percent of enrolled black children completing high school.

The main intention of USAID/South Africa s assistance to the education sector during 1995 was to help the country establish a more equitable and effective education system so as to redress imbalances created by years of apartheid. This strategic objective (SO 2) was within the framework of the main goal of USAID assistance to South Africa for 1995 which was meant to "increase black political, economic, and social empowerment."

FY 1995 began with the USAID/SOUTH AFRICA Strategy Concept Paper, March 1993 still in effect. Its assumptions and strategy were based on events, anticipating the transition to a democratic, post-apartheid South Africa. It stated about SO 2:

This, perhaps the most concrete and targetted of our strategic objectives, is premised on the belief that people are South Africa's most important resource, and that a reconstructed education system is an essential pre-condition for building and sustaining a new South Africa. It is no exaggeration to suggest that education is the bedrock on which the country's future political, economic and social development depends.

In the course of two years, these statements were modified in the March 1995 Concept Paper, which restated SO2 thus: "To support the development of policies, systems and capacities for the integration of the education system."

#### *NGO Programs Replicated/Adapted*

Hundreds of NGOs have been supported by USAID and its partners with the goal of promoting education equity and effectiveness in South Africa. USAID has been a leader among education sector donors, providing more than 150 grants to organizations for basic education and tertiary level activities. With the elections having taken place in April 1994, the beginning of FY 1995 in October 1994 saw the national and provincial education authorities still in the throes of establishing themselves, a condition which was to persist in varying degrees among provincial and national ministries and their components throughout the reporting year and to date. This meant that NGOs continued to shoulder major responsibility for education reform while positioning themselves to work with new government structures.

In 1995, there were estimated to be more than 500 NGOs working in education in South Africa, designing and implementing a wide array of programs for potential replication, adaptation or continuation and which addressed the objective of bringing about a more equitable and effective education system in myriad ways. The interventions included, among many others: improving school curricula in all subjects; upgrading teachers skills; improving school management skills; bridging programs to enhance performance of students from disadvantaged populations; developing effective teaching materials and methodologies; piloting and advancing media applications for education, including radio, magazines, television, newspapers, and combinations thereof; policy research and development; assessment and testing research, development and evaluation. The year 1995 saw many of these programs being replicated as proven models and were expanded beyond their original testing grounds.

#### *Increased Per Capita Spending for Africans*

As indicated in Table 1, the government in 1989 was spending more money (almost four times ) on White education than it did on African education. By 1992, the situation had changed. The following table shows the trend from 1992 to 1994/5:<sup>7</sup>

TABLE 1 - PER CAPITA EXPENDITURE ON COLLEGE/SCHOOL EDUCATION

	1992	1994/5
Africans	R1,659	R2,184 (up 31 percent)
Coloreds	R2,902	R3,691 (up 27 percent)
Indians	R3,702	R4,687 (up 26 percent)
Whites	R4,372	R5,403 (up 24 percent)

The GNU's financial allocation to education since 1994 is based on four dimensions<sup>8</sup> that are geared at redressing imbalances in funding education at all levels. These are:

<sup>7</sup> Edusource, Edusource Data News, (Johannesburg: Edusource, No. 5 March 1994), p. 5.

- Equity (Focusing on educator pupil ratios which impact on salaries and teacher qualifications);
- Unit costs and productivity (The main emphasis will be on the internal efficiency and effectiveness of the education system at all levels).
- User charges (The focus is on re-designing an "equitable, sustainable, market-related and publicly acceptable mechanism of funding education).
- New funding partnerships (Emphasis is on widening the source of funding education and special programs in particular by involving parents, Community Based Organizations, the private sector, NGOs and the international community).

In general, as Table 2 shows, government budgetary allocations to education as a percentage of the total budget have been steady over a five-year period. The budgetary allocations have been supplemented by RDP funds, through the new GNU, for specific projects in most of the provinces; these funds became available in 1995. However, taking into account inflation, escalating teacher costs and the increasing demand for educational provision, it is obvious that the budgetary allocations only represent marginal increases from the 1992/93 financial year. This underscores the importance of donor funds for needed reforms in education and for capacity support (i.e., in research and policy analysis) to better allocate existing resources. At the same time, the National White Paper warns that reforms must be carefully planned, so as not to add recurrent costs to an already tightly stretched budget.

TABLE 2: BUDGETED EXPENDITURE ON EDUCATION (R MILLION)

YEAR	1990/91	1991/92	1992/93	1993/94	1994/95
AMOUNT	17 358	19 929	24 393	27 761	30 850
PERCENTAGE	20,9	20,6	20,7	21,1	

Source: RSA, Statistics in Brief. (Pretoria, Section 6.11) 1995

#### *Decreased Gap in Enrolment Rates Between Whites and Blacks*

The enrolment patterns in the rest of the country have been closely related to population distribution and the allocation of financial, material and human resources in schools according to the racial origin of learners. Thus, in 1991, there were proportionately more schools for Whites than for Africans and other racial groups.

Gender disparities -Unlike most Third World countries, the participation rates of women in the educational sector in South Africa are not very different from that of men as indicated in Table 3 below.

<sup>1</sup>—RSA, White Paper on Education and Training. (Cape Town:GNU), March 1995, pp. 62 - 66.

TABLE 3: NUMBER OF BLACKS (5-24) IN EDUCATIONAL INSTITUTIONS (1994) BY GENDER

AGE GROUP	TOTAL	MALES	FEMALES
5 - 9	3 053 202	1 543 250	1 509 952
10 - 14	3 627 682	1 823 176	1 804 507
15 - 19	2 834 315	1 471 779	1 362 536
20 - 24	1 295 366	680 248	615 119
TOTAL	10 810 565	5 518 4531	5 292 113

Source: RSA, Statistics in Brief, (Pretoria: GNU, 1995) Section 6.2

The same situation applies across racial groups. Gender differences come into play in the representation of women in all fields apart from teaching and nursing, on the tertiary level, and in their low participation rates in mathematics, sciences and technical fields.

Skills disparities - The under-representation of women, especially black women, in scientific and technical fields is part of the larger problem of the under-representation of blacks generally and poor pass rates in these fields in primary and secondary schools. A number of partners have designed their bursary programs to begin to redress these imbalances. USAID has set targets in its bursary programs to ensure equitable representation of women and to focus on training in areas where blacks have been underrepresented. These include: economics; business and accounting; mathematics and science education; and other related fields.

#### Increased percent of enrolled black children completing high school

While there is no single index that can be developed to judge the internal and external efficiency of the education system, it is important to assess the extent to which the education system prepares learners for future prospects. The following table indicates that through the combined efforts of USAID and other partners, there has been an improvement in the percentage of black children successfully completing high school (called matriculation in South Africa). However, the data also show that the system has not been performing efficiently, in terms of the performance of African students as compared to other racial groups. Hence, the need for interventions spelt out in SO2 to help establish a more effective education system, which will improve equity. Matric exemption indicates test scores allowing entrance to universities.

TABLE 4: STANDARD TEN EXAMINATIONS RESULTS (1993)

	CANDI-DATES	TOTAL PASSES	%	MATRIC EXEMPTION	%
AFRICANS	337,821	130,474	39	27,395	8
INDIANS	15,203	14,111	93	6,862	45
COLOREDS	25,735	22,077	86	5,411	21
WHITES	63,769	60,281	95	26,597	42

Source: Edusource, Edusource Data News. (Johannesburg: Edusource), No. 5, March. 1994), p.7

TABLE 5: STANDARD TEN EXAMINATION RESULTS (1994)

	Candidates	Total Passes	%	Matric Exemption	%
AFRICANS	392,434	190,340	48.5	49,239	12.5
INDIANS	12,571	11,548	91.9	6,283	50.0
COLOREDS	25,375	22,201	87.5	5,562	21.9
WHITES	15,092	13,981	92.6	7,639	50.6

Source: EPU Quarterly Review of Education & Training in South Africa, Vol. 2, No. 3, p. 25-26, March 1995

## INTERMEDIATE RESULTS

### *I.R. 2.1 Developed, evaluated, and disseminated new and innovative approaches to education*

#### Indicators:

- # new and innovative approaches to education
- # teachers trained in innovative programs by sector
- # students in innovative programs

Through its combination of projects (ESAT, SABER, STEP, TELP, Bursaries) in the Education Division portfolio and buy-ins, many activities achieved multiple results—advancing innovative methods while also training teachers and delivering the innovation to students. Capacity building has been a feature of the majority of the grants in the education division through provision for internal staff development for the disadvantaged population. The education sector strategy through FY 1995 was far-reaching and diversified, implemented mainly through NGOs, which were functioning as an indispensable adjunct to the formal education system to bolster equal opportunity and to counter its ineffectiveness.

Nearly every one of hundred odd grants made by the grantees in the Education Support and Training Project (ESAT) and the project which overlaps and succeeds it, the South African Basic Education Reconstruction Project (SABER), achieved this intermediate result: they were selected for funding or were continued because of their work in education innovation. What follows are examples of impact from among them, demonstrating how the indicators of intermediary results have been achieved.

Because of the pronounced under-performance of blacks in the maths and science fields, USAID has funded numerous innovative approaches to developing teaching materials, teachers skills, and reaching students. The Primary Science Program (PSP) improves teachers skills through interactive workshops and action research; action research was virtually nonexistent in public schools in the past. PSP reached more than a quarter million students through its work with over 6,100 teachers. The Science Education Project (SEP) developed low-cost science kits for schools without laboratories. Handspring Trust for Puppetry in Education created coordinated radio, video and comic book programs (funded by USAID jointly with partners) in "township English" and some African language, as an innovative approach to science instruction. Because of the radio medium, the program can be reached by 94% of all disadvantaged South African students. The packages are available at low-cost to schools. Diagnostic findings show that one intervention alone resulted in a 39 percent reduction in misconceptions that children develop about science.

Maths Centre For Primary Teachers (MCPT) is involved in the development and testing of innovative methods of teaching mathematics. They are contributing to capacity building of teachers in mathematics by involving them in the development of innovative models which are school-based. Their main focus is on holistic school development, collaborative school management, multi-level leadership and assisting schools to create partnerships with management councils and communities. Their modules in the management of maths materials development and evaluation have been effective as evidenced by the number of schools that now request their services. In terms of impact, they were able to reach 2,505 pupils and 72 teachers in 1995. So far over 2,000 teachers have gone through their program in mathematics teaching and certification at the Further Diploma level.

USAID has had a major impact in the area of early childhood development (ECD), by supporting the major ECD materials and teacher development organizations in South Africa and pointedly supporting human resource capacity development for disadvantaged South African. Small Beginnings, an ECD NGO based in Pretoria, was able to train 163 ECD teachers from 139 Educare Centres. In the process it was able to impact close to 8,590 children. Because of its focus on rural ECD programs, Small Beginnings has been able to provide materials for a total of 1,050 pre-school teachers reaching more than 54,600 children who live in very disadvantaged communities. In the process of working with these teachers, the project has been able to address the issue of quality and empowerment.

Another intervention using media to increase access, the Open Learning Systems Education Trust, has sought to improve basic English literacy and numeracy in primary schools. In 1995, the first year of expanded operation, the program was broadcast to over 875 urban, farm and rural schools in five provinces. Rural and farm schools in particular usually have no instructional enrichment. The program showed improvements of more than 20 points over conventional schools not using the program. Approximately 1,000 teachers were trained through teacher development workshops and monthly teacher support group meetings, observations and mentoring.

Improved test scores and ability to use English more spontaneously have been the result of activities of the Education Support Services Trust, funded by USAID to expand its services to 18 schools in three regions, reaching 6500 rural and farm school students in remote areas. USAID supports the developmental research in the field of science and thinking skills for integration into innovative learning materials for non-English speaking students at the primary level.

Through support to Small Beginnings and other major ECD organizations involved in course development and accreditation, including Grassroots Educare Trust, TREE and Early Learning Resources Unit (ELRU), the skills and professionalism of thousands of pre-school teachers have been improved and the importance of early childhood development elevated to the level of national policy debate.

TREE provides program management and technical assistance to educare groups in strife-torn KwaZulu/Natal. They work in accreditation of training courses. Their work enhances the capacities of teachers by developing teaching and instructional materials based on a curriculum produced locally. It has also

been able to increase parental and community involvement in the management of ECD centres.

Thousands of children who would not have received educare services were served by service delivery projects which are also developing self-sufficiency options: those grantees include Ntataise Trust, Vulani Pre-Primary Project, Queenstown Early Learning Center, and Khokela Early Learning Center among others.

Operation Upgrade operates within the area of ABET, developing new methods of teaching adult learners. Its innovative work has been in the area of teaching methodologies in Zulu and Xhosa. In the past this activity to develop teaching methodologies was not accentuated, especially for the adult Black learner who was not supposed to take part in the political arena. The project is extending its activities throughout Natal, including the former homelands of Ciskei and Transkei. The project has been able to train over 13,000 adult literacy tutors in all the regions of the country. In that respect, its innovations in local languages have been disseminated to a large section of the country.

Support is provided to several projects which have contributed to the success of improved high school graduation rates for African students. Under the STEP project, for example, funding is channeled to a Kwa-Zulu/Natal-based

activity, Planned Route into Science and Maths (PRISM). This activity provides second chance education for black South Africans in science and mathematics; it enables students to complete and pass matric to "A" level, where they attain entrance to university in science related courses. In 1995, PRISM had 214 students and a 98 percent pass rate in mathematics and science. Other grants with favorable results in assisting black youth to complete high school went to ASECA, PROTEC, CASME and SEP.

### *I.R. 2.2 Helped develop alternate educational policies.*

#### **Indicator: Policy options developed/implemented**

This is a critical area for educational transformation in South Africa. South Africa's proportion of the national budget spent on education is substantial and in terms of long-term sustainability, better allocation of the existing budget is essential. USAID has been one of the largest donors to the key education policy NGOs in South Africa and their impact on the newly emerging policy reforms coming about in the GNU have been fundamental. While these results have been incremental over a period of years, in many ways in 1995 substantial success was realized as new policies in a new set of key subsectors were promulgated. Key policy reform areas and NGOs which have been central to policy formulation include: the Independent Examinations Board in the area of assessment, examinations and testing; the National Literacy Cooperation in literacy and ABET; the Education Foundation in Educational Management Information Systems (EMIS) and EDUPOL in policy analysis regarding teacher training and resource allocation. Research and formulation of policy alternatives by these organizations have influenced education policy making in the country during the 1995 financial year in ways that are incisive for decades to come and will greatly influence the success of the transformation of education in South Africa. Key aspects of their work follow.

The Independent Examination Board (IEB) is funded under the ESAT project to develop an examination system for South Africa. In 1995, it was also involved in assisting provincial education departments to establish examination systems and boards in their provinces. It has also been involved in developing new practices in certification, assessment and curriculum development. These are all areas that will directly impact on educational quality, equity and effectiveness in the long term. It has succeeded in empowering black teachers by providing them with an alternative examination system. Policy makers at all levels have also been assisted to start thinking of the modus operandi of a new policy in examinations and certification in particular. Every province regards examinations as a strategic issue and the IEB is the primary resource for future research and technical assistance in the country.

The IEB produced a book entitled *Ways of seeing the National Qualifications Framework* published in October 1995. This book has influenced the debate on South African Qualifications Authority (SAQA) and the National Qualifications Framework (NQF) which are central in the development of a policy of certification, accreditation and articulation in the entire South African education system. Another area of IEB's main policy impact has been in the development of the Standard 7 General Certificate of Education examinations. This pilot examination has created debate among policy makers and other stakeholders throughout the country and may serve as the nation's future Standard 7 examination in several provinces. The IEB has also produced materials that have been used in Gauteng and the Northern Province, advancing teacher skills in examination, curriculum reform and assessment. Over 300 teachers, 150 principals and 6,000 learners were involved in activities of the IEB related to Standard 7 examinations. In adult education, as part of pioneering work in establishing a qualifications framework, they were able to produce 30,000 copies of 6 examination papers in 11 languages. Approximately 18,000 adult learners have been registered to sit for their examinations. These two projects are likely to be replicated to some degree as national and provincial policy and practice.

During the 1995 financial year, the IEB was commissioned by the Department of Education to provide support in examinations to the National Directorate of ECD and Lower Primary education and to prepare a detailed action plan and budget for further policy, curriculum and accreditation work in the country. Therefore, IEB has been able to impact the education system and shape national policy-making in key subsectors.

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The Education Foundation was funded under ESAT to establish a policy unit -- Edusource -- which would consolidate and extend the policy option modelling process, train a team of well-qualified black South Africans and transfer technology to them. It was also established to assist in the process of education policy formulation through provision of educational data, original research and access to comparative world wide experience; facilitate forums for open debate on education policy issues and develop pilot innovative programs.

The Education Foundation has produced very respected books on overviews of education in seven provinces with the exception of Gauteng and the Western Cape. These provide excellent information and analyses of education in each of the subject provinces. Their Education Atlas produced in 1995 was able to show disparities by province, by race, by gender and by region or locality in educational provision and attainment. The overviews and the Atlas have been essential in policy making in the country as a whole and was used to inform policy debate. Therefore, their impact in this area of information gathering, analysis and dissemination has been exemplary. All key policy makers in education were dependent upon the work of the Education Foundation in 1995. Departments of education in universities now base their courses on educational planning and policy analysis on the work produced by the Education Foundation.

A school location project started jointly with the Human Sciences research Council and the National Department of Education on school mapping using the sophisticated Global Positioning Systems (GPS) enabled the Education Foundation to analyze the distribution of schools for policy making and planning for equity and redistribution of resources. This activity started in the Northern Province and the Eastern Cape during 1995.

Because of these information activities, the Education Foundation and its information and policy unit (EduSource) have been ubiquitous in the education system (in a very positive sense) through its data bases which it now makes available to educational providers in all nine provinces. The Foundation has the capacity to produce educational maps on short notice for use by any client (thereby increasing the accuracy of educational policy decisions) and has established itself as the premier institution in Educational Management Information Systems (EMIS) and (GIS) in the country. These are a first not only in this country, but in the sub-region as a whole.

The activities of the Education Foundation have been able to empower officials in education departments by providing them with skills in data collection and using it in the planning and implementation processes. Without such skills and data from Edusource, the education ministries would find it difficult to plan the transformation of their education system with an demographic accuracy.

Therefore, the Education Foundation has been able to have an impact on the development of alternate policies, thus ensuring that policy makers adopt and use them for establishing effective education systems. The latter is being achieved through the Education Foundation's initiatives to set up linkages with the education departments so that it can provide its expert services in EMIS, GIS and policy making on a long-term basis. In fact all departments and service providers which were involved in education planning in 1995 relied upon the Education Foundation at one point or the other for educational statistics and maps.

The National Literacy Co-operation (NLC) is a black-led organization based in Johannesburg and consisting of 107 progressive organizations. It is the largest national umbrella organization representing literacy and adult basic education NGOs in South Africa. During the 1995 financial year, it has succeeded in building capacity and infrastructure in each of the nine provinces and has facilitated the development of a national framework for the delivery of ABE in South Africa. It is now poised to be the main coordinator of ABET strategy in the country.

During the SO 2 1995 year, the NLC developed a framework with affiliate members to address issues such as curriculum development, accreditation, and recognition, program co-ordination, research and development, capacity building and public information dissemination.

Its impact on empowerment has been first and foremost, on its own members who are now responsible for literacy programs in the country are being called upon by the national Ministry of Education to implement a national literacy campaign. Secondly, it has impacted on empowerment through the learners who are in ABET classes in the country.

The Education Policy and System Unit (EDUPOL) has had a similar impact like Education Foundation in the policy making arena. It was established to promote policies that contribute positively to equity and growth in South Africa. It is involved in the systematic policy research on how to reconstruct a new, non racial, inclusive and democratic national system of education.

EDUPOL's work on governance and control and teacher education and finance has had a tremendous impact on the reform in these critical areas of educational restructuring in South Africa. In fact, their National Teacher Audit is a landmark in the development of teacher education policy in this country and is now guiding the decision-making of the national Ministry of Education. Their resource document on Inservice Teacher Education Policy Dynamics in South Africa has also had an impact on the debate to reform both pre-service and in-service teacher education in colleges and universities in South Africa.

USAID has contributed to other smaller interventions which influence education policy including research, information dissemination and technical assistance. For example, USAID made available specialized computer expertise to assist with conducting the National Teacher Audit. It made available outside experts in ABET, education economics and teacher development for various policy-making fora and USAID funded publications such as Perspectives in Education, a highly influential educational journal on policy issues published by the Department of Education at the University of the Witwatersrand. The grant to Perspectives in Education also supported the training and development of Black researchers who are, for the first time in their academic careers, publishing findings of critical research in the area of basic education.

*I.R. 2.3 Enabled educational institutions to better meet demands placed on a new, non-racial education system.*

Indicator: Capacity Building

USAID has approached capacity building in a number of ways. Capacity building is integral to many grants described in other sections, delivering multiple impact: internal capacity building, either for organizational development purposes, and/or to expand skills of disadvantaged South Africans within organizations implementing activities. USAID has made extensive technical assistance available for capacity building and has also funded activities devoted to capacity building, such as teacher development activities; teacher development activities are enumerated as part of I.R. 2.4. USAID has also funded activities to expand the human resource capacity of historically disadvantaged institutions. This will occur through elements of the Tertiary Education Linkages Project, which began operation in FY 1995.

USAID used a combined approach of supporting policy and research capacity development, and supporting a specific activity to establish a foundation for community colleges in South Africa. The National Institute of Community Education (NICE) conducted an in-depth feasibility study aimed at the identification and development of a national strategy for successfully piloting the community college concept in South Africa. The success of NICE can be evidenced by the policy documents that have been produced. The most famous one is the 1995 Framework for the Provision of adult basic and further education and training (ABET). It sets out the new policy framework for providing community education in South Africa and lays out the process of admissions, certification, accreditation and articulation. The report outlines the envisioned role to be played by the government--national and provincial--in the governance and administration, financing and registration of colleges, and how these colleges will address the question of human resources development in relation to RDP principles.

An important result of USAID support of activities influencing the development of community colleges in 1995 was its assistance in the transformation of Funda Center, a well-known Soweto based institution, from a nonformal learning center to Funda Community College. The success of Funda Community College is reflected in its current involvement in a national initiative and public sector lobby effort through bodies such as NICE to develop policies and a system of further education.

The most fundamental way that USAID/SOUTH AFRICA has increased capacity is through major human resource development through a variety of bursary activities funded under STEP. Several hundred disadvantaged South Africans pursued university level studies and short-term studies designed to enhance capability in specialized fields. Short-term study ranged from conflict mediation to public administration and business skills. Long-term study focused on educational fields, business and accounting, engineering and the sciences. In 1995, USAID/SOUTH AFRICA's internal policy continued to move toward a decline in sponsorship of study abroad toward more bursaries within the country. This was more cost-effective and feasible because of the continuing removal of barriers to university entrance at formerly racially segregated institutions. These programs were administered by grants to the International Institute of Education and Aurora Associates externally. Internally, administration was through a number of South African organizations including the Educational Opportunities Council, the South African Institute of Race Relations, the Catholic Education Aid Program, and Medical Education for South African Blacks.

In 1995 approximately 284 disadvantaged South Africans were involved in long-term study in the US and 521 in short-term study. More than 1300 were sponsored for long-term study within the country and 1579 for short-term study.<sup>9</sup>

It is difficult to fully measure the impact of study opportunities to the individual and the nation as a whole. The contribution of this intervention to the overall goal of developing the leadership cadre of disadvantaged South African is illustrated when one examines a partial list of graduates of the USAID bursary program who now hold leadership positions in South Africa.

Dr. V. Zulu, MEC for Education in Natal.  
Mr. R. Jardine, Director General in the Department of Arts, Culture, Science and Technology.  
Mr. J. Mokgoro, Director General in the North West Provincial Government.  
Prof. Z. Chuenyane, Director General of Education in the Northern Province.  
Mr. V. Mntambo, Director General for Gauteng province.  
Mr. T. Mokoena, Director in Industry Department in the Free State.  
Mr. B. Craig, Director of International Development and Finance in Pretoria.  
Mr. Thampholo, Director General of Education in the Free state.  
Dr. N. Magau, Head of HRD in the RDP.

Removal of admissions restrictions did not mean an end to barriers however. Because of quality deficiencies in education, interventions to help ensure the success of disadvantaged students were necessary. One such example is the Desmond Tutu Educational Trust. The purpose of the activity was to provide financial assistance to the Academic Fund of the Desmond Tutu and Student Assistance Fund of the Desmond Tutu Educational Trust to support its tertiary education development activities. The Trust supports academic development activities at tertiary education institutions in the Western Cape region which focus on improving access to quality tertiary education for black students, and improving the quality of tertiary education.

The majority of Black graduates in South Africa are products of historically disadvantaged institutions. Because of this, USAID has supported a number of activities designed to build the capability of these institutions. These include:

- > South African Association for Academic Development (SAAAD) for strengthening the organization and for carrying out its program of promoting academic support and development and stimulating research in the field of academic development. Their workshops throughout the country have been very successful. SAAAD has conducted workshops on establishing writing centres in HDIs on a number of areas such as: language in curriculum in Natal, Eastern Cape and the Western Cape region; evaluation; computer education; and publications. Most of the reports and research materials from SAAAD have been submitted to the National Commission on Higher Education (NCHE) as a lobbying effort and to assist the

<sup>9</sup> These figures were as of May 1995. The actual number is larger because of longterm students who began study in August and September 1995.

NCHE in making recommendations on the sector to the National Minister of Education. In 1995, SAAAD had the following achievements: 4 publications; 500 circulated; 300 teachers trained; 50 trainers trained; 300 learners reached; 15 institutes reached; and 2 education policy reports contributed.

- ✓ SAAAD now has a membership of 357 academics in South African universities belonging to chapters in KwaZulu/Natal, Eastern Cape, OFS, Northern Province and Western Cape.
- ✓ Its main success story is the computer program for software development at Peninsula Technikon. The technikon will eventually sell software to clients and establish itself as one of the leaders in this area in the country.
- ✓ The African-American Institute (AAI) in partnership with EOC administered and managed a two-year human and institutional resources development program with the eight historically black Universities in S.A. The grant was designed to enhance the skills of black junior faculty by providing six-month research and training opportunities for them at U.S. Universities. Also, to strengthen the capacities of the HDIs at the departmental and institutional levels by focusing its support on specific departments in priority need areas.
- ✓ The American Council on Education (ACE) - The purpose of the grant was to help HDIs in their development of strategic planning capacity. This intervention is an activity of TELP, which began its activities in 1995. Many of the HDIs were well advanced in developing strategic plans and skills by the end of the year. To date 54 junior faculty staff from the HDIs have been trained and a further 6 will complete their training within the next 6 months.

Beginning in 1995, USAID/South Africa began to provide technical assistance in building capacity and systems to the provincial ministries of education through the SABER project, coordinated by Aurora Associates. Four provinces availed themselves of training and technical assistance in strategic planning and other areas. As a result of this technical assistance, two provinces--Northern Cape and Gauteng--were able to draft education legislation to replace apartheid-era laws. Other accomplishments included the drafting of the Education White Paper for the Northern Cape and preparation of various policy papers. Three provinces--Northern Cape, Eastern Cape and Northern began the process of preparing strategic plans to guide education reform implementation.

*I.R. 2.4. Increased number of qualified and skilled black South Africans engaged in education*

Indicators: # of graduates

Decreased percentage of non-qualified black teachers

Through the human resource development project interventions for which impact is described in I.R. 2.3, the number of qualified and skilled black South Africans has been increased. Evaluations of the bursary programs show that the education field is the single largest beneficiary. The ultimate objective, which was to benefit the formal education system in a democratic South Africa has been achieved.

USAID can claim a connection to the quantifiable decrease in non-qualified black teachers in South Africa. The following table depicts the trend:

TABLE 6: -AFRICAN TEACHERS BY QUALIFICATION

Status of Teacher	1991 - %	1994 - %
Unqualified	8	11
Underqualified	65	33
Qualified	27	56

There has been a multi-level strategy on the part of USAID to improve the qualifications and skills of teachers from the disadvantaged population in SA. Some of the activities and an indication of their results follow.

- English Language Teaching Information Centre - Teacher training in farm communities--an especially disadvantaged population--was provided to increase the capacity of these schools which were once neglected.
- Independent Training and Educational Centre - This support provided for teacher and materials development to enhance the professional competencies of teachers so that they could be responsible for conception and execution of knowledge and practice in the classroom and school. The main activities in capacity building for 1995 have been in lower primary in-service teacher training, development and provision of resources to ensure improved methodology in the classroom, motivational science programs and strengthening ITEC through staff development. They have been able to reach 400 teachers in 100 schools in their "whole school community" program. There are also working with Shell, the Catholic Institute of Education and Wits rural development program to improve capacity of teachers. During the 1995 period, they distributed 3,263 books and 1,955 videos to schools, learners and teachers. Their teacher upgrading modules reached 3,446 teachers in 1995.
- Read Educational Trust - Again teacher development and staff development are central to the improvement of teacher quality and professionalism. In 1995 the focus of this grantee was in teacher development to build capacity. and teachers.
- Teacher Opportunity Programs (TOPS) is the largest NGO working with Black teachers in South Africa today. TOPS started an innovative Rural Education Project (REP) in 1989 to respond to the critical need for teachers in disadvantaged areas. This project has featured local initiative and new modes of mixing both PRESET and INSET.
- TOPS' methods have now been accepted in the Eastern Cape and Western Cape provinces as a teacher upgrading model and has been extended to the teaching of mathematics, science and English. Some of the main reasons for the success of the program include the clarity of the project, the continuous interaction of TOPS and the USAID team, formative evaluation in 1995, the proper assessment of needs and on-going support of funding from USAID. The project which may be disseminated to other provinces has reached 1,800 rural teachers and 14,667 principals from historically disadvantaged schools have been trained. The project managers have been able to disseminate the project to a wide clientele.

## **CONTRIBUTION OF USAID ACTIVITIES**

USAID has been a principal player in supporting education NGOs and human resource development in South Africa. South African respondents to a questionnaire during the evaluation of USAID conducted in 1995 stated that the most notable accomplishment of USAID in South Africa was in the area of social empowerment through education-related activities.

## **PROGRESS IN FY 1996 AND FY 1997**

There will be an appropriate transition to a new emphasis in the 1996 -- Transformed education systems based on equity, access, and quality. Focus will be on support for bringing about sustainable reforms, through policies, organizational systems, adequate human resources and functional infrastructural capacity. See Part III for a summary discussion of the new CSP.

## **C. STRATEGIC OBJECTIVE 3: INCREASED ASSET OWNERSHIP AND ECONOMIC INTEGRATION FOR THE HISTORICALLY DISADVANTAGED**

### **1. The Small, Medium and Micro-Enterprise (SMME) Sectors**

#### **STRATEGIC OBJECTIVE CONTEXT**

The GNU has identified a strong SMME sector as an important mechanism for increasing employment and economic opportunities, particularly for South Africa's historically disadvantaged population. The White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa states that the key objectives of the national small business strategy are to:

- create an enabling environment for small enterprises;
- facilitate greater equalization of income, wealth and earning opportunities;
- address the legacy of apartheid-based disempowerment of historically disadvantaged business;
- support the advancement of women in all business sectors;
- create long-term jobs;
- stimulate sector focused economic growth;
- strengthen cohesion between small enterprises;
- level the playing fields between bigger and small businesses as well as between rural and urban businesses; and
- prepare small businesses to comply with the challenges of an international competitive economy.

Specific interventions outlined in the strategy are clearly designed to deal with problems which are typically faced by small businesses. The interventions are designed to result in: an enabling legal environment; streamlined regulatory conditions; better access to information and advice; better access to marketing and procurement; better access to finance; better access to training and entrepreneurship, skills, and management; improved access to appropriate technology; joint ventures; capacity-building and institutional strengthening; and creation of financial incentives to SMME development.

Small and micro enterprises (SMEs) firms in the formal economy are found in construction, manufacturing, retailing and wholesale sectors and employ 24 percent of the labor force. They account for 92 percent of the jobs in the retail sector and 75 percent in wholesaling. In the manufacturing sector, 92 percent of the plants are small and micro enterprises and account for 38 percent of the jobs. They occupy an important position in the economy due to their contribution to employment and have been shown to have a higher employment generating potential than medium and large enterprises.

The Small Business Development Corporation (SBDC) estimated that SMEs accounted for 30 percent of the GDP in the formal economy and 15 percent in the informal economy. The contribution to the GDP is in the construction (52 percent), retailing (89 percent), wholesaling (72 percent), trade and hawking sectors (32.5 percent), crafts (27.5 percent), and transport (23.8 percent). In addition, the informal sector SMEs are dominated by Africans, followed by Colored and Asians. Females make up 50 percent of the informal sector.

After the 1994 election, the major barriers to ownership of assets in the private sector and in housing have been the lack of an enabling policy and regulatory framework, lack of institutional capacity and lack of human resource skills within the historically disadvantaged communities. The USAID/South Africa program in the private sector development area focused on creating an enabling environment for small and medium enterprises, increasing financing available to small and micro enterprises and strengthening historically disadvantaged business organizations attempting to influence the regulatory framework.

### **ALIGNMENT WITH SOUTH AFRICA'S CHALLENGES**

The focus of USAID/South Africa's private sector development program is based on the analysis and research undertaken on the sector, as well as information emerging from a wide range of consultations with customers and partners. The program is also guided by GNU's policies for encouraging private sector development. Thus, the objectives of the program as well as the indicators used to monitor performance of the sector, are consistent with addressing the problems faced in this sector.

### **QUANTITATIVE AND QUALITATIVE ASSESSMENT OF USAID/SOUTH AFRICA IMPACT**

#### **SO RESULT: IMPROVED ACCESS TO FINANCIAL RESOURCES TO TAKE ADVANTAGE OF NEW OPPORTUNITIES**

A combination of programs have been effective in improving access to finance, including new forms of ownership and franchising.

The Black Integrated Commercial Support Network (BICSN) Project has facilitated the leveraging of shareholder equity transfers, including equity growth. Through corporate acquisition programs, BICSN helped affect the transfer of US\$147M (1US\$=R3.90) in equity. The project-leveraged shareholder equity is 14:1. In addition, BICSN has engaged in efforts to increase equity formation and franchising opportunities for historically disadvantaged entrepreneurs. Firms assisted by BICSN are expected to obtain franchises to the total value of US\$820,000 (R3.2M) by September 1996.

The core of high-potential firms led by historically disadvantaged groups which were assisted by BICSN will have an estimated cumulative gross sales of US\$66-70 million by September 1996.

### **INTERMEDIATE RESULTS**

#### ***I.R. 3.1. Leveraged resources - credit for enterprise development increased.***

USAID's activities which are aimed at increasing access to capital for South Africa's historically disadvantaged population are undertaken through two types of institutions -- the NGO sector for micro enterprises and the banking sector for small and medium enterprises. Two South African NGOs which feature prominently are the Small Enterprise Foundation (SEF) and the Get Ahead Foundation. The SEF, a rural based NGO located in Tzaneen, provides loans to small and micro-enterprises. The Get Ahead Foundation is a national organization, primarily located in South Africa's major metropolitan areas and secondary cities.

Reports and interviews undertaken with both the SEF and Get Ahead indicate that there is a high demand for the service which they offer and that they have had a significant impact in improving the quality of life of their clients through these loans. Get Ahead's target was to have a loan portfolio of 6,000 clients by 1996. Far exceeding their target, their portfolio was approximately 10,000 by the end of 1995. SEF boasts a portfolio of clients who have borrowed up to seven times as their enterprises continue to grow and prosper. In both cases, 93-94 percent of the clients are women. Both organizations have high overall repayment rates of between 90-94 percent.

Other lending programs are undertaken through the Loan Portfolio Program, Enterprise Capital fund, the South African Franchise Equity Fund and the South African Enterprise Development Foundation (SAEDF). For these

organizations, the program provides the financial institution partial loan guarantees against which SMMEs can borrow loans.

USAID has increased access to capital through its loan guaranty program, whereby USAID guarantees 50 percent of a portfolio of loans to small business made through banks. To date the Micro and Small Enterprise Guaranty Program has leveraged \$12M in private sector resources made available to SMMEs. Through the loan guarantee facility, over 3,000 business loans have been made to SMEs. This program has been especially successful in the Gauteng Province and there is still a need for banks to make more of an effort to expand to businesses in other provinces, particularly the more rural provinces and small towns.

### *I.R. 3.2 Improved policy and regulatory environment for full participation in the economy.*

#### *Private Sector Policies Changed and Implemented*

Through strategic technical assistance, USAID/South Africa has assisted the Department of Trade and Industry (DTI) to make significant progress in putting into place a policy and institutional framework for supporting small- micro-and medium enterprises (SMMEs). These institutional reforms include:

- the formation of a National Small Business Council;
- the formation of the Ntsika Enterprise Promotion Agency to deal with policy and generic business training issues;
- the formation of wholesale funding agencies -- Khula Enterprise Fund and Khula Credit Guarantee;
- restructuring the Small Business Development Corporation (SBDC);
- the establishment of local Service Centers;
- the formation of a Centre for Small Business Promotion; and
- a decentralized system of training and support service providers.

USAID/South Africa's support has been in the form of funding for workshops and a national conference, and providing technical assistance at strategic points for the development of the policy. While USAID/South Africa was not a major funder of DTI's SMME activities, its support came at important stages in the development of the policy and institutional arrangements process, thus establishing a base for future USAID/South Africa initiatives under the bilateral agreement signed with DTI in 1995.

The challenge for DTI in the coming years is to move toward implementation of the above policies so that the economic opportunities presented by SMMEs will not remain an unopened window.

### *I.R. 3.3. Improved effectiveness and sustainability of business, professional, CBOs and governmental agencies.*

#### *Technical and Business Skills Strengthened*

Part of USAID/South Africa's integrated support to the SMME sector has been training to improve technical and business skills. The major partners have been the United States South Africa Leadership Exchange Program (USSALEP), the African-American Labor Center, the Black Entrepreneurship and Enterprise Support (BEES) Facility, and the Black Integrated Cooperative Support Network (BICSN).

In partnership with USSALEP, under the Business Integration, Leadership and Development (BUILD) Project, 69 South African Business leaders completed training in the United States and then received intensive follow-up assistance with business plan analysis, strategic planning, marketing and distribution techniques, financing and the

establishment of trade relationships with U.S. businesses. The BUILD project has assisted, historically disadvantaged South African leaders to access business leadership skills that enable them to develop and promote business in South Africa. The success of this project is reflected by the high demand for the program and in the quality of candidates who were selected for participation. The vast majority of participants are influential and established leaders in the historically disadvantaged business community. The Black Entrepreneurship and Enterprise Support (BEES) project is conducted by a team of South African and American experts, and provides support for the small and micro-enterprise sector. has achieved the following results:

- identified and documented best practice models for empowering historically disadvantaged South Africans through the development of small and micro-enterprises;
- linked the sector with Community-based organizations; and
- expanded access to credit and capital resources for the sector, particularly from financial institutions led by historically disadvantaged South Africans, major commercial banks and NGOs.

The potential for future success of the organizations assisted by BEES is higher than for other organizations. Thirty-five organizations were assisted in institution building, systems development, and sustainable business practices.

Twenty of the thirty-five organizations have been able to improve their services or expand member services. Three practitioner alliances have been formed at national and regional level and are already operating effectively.

BICSN, focusing on small to medium enterprises, has conducted workshops, presentations, and training focused on corporate procurement, franchising, and growth, mergers, and acquisitions.

TABLE 7: COMPANIES AND PARTICIPANTS TRAINED BY BICSN IN NEW MODELS FOR SME FINANCE

PROJECT COMPONENT	TOTAL PARTICIPANTS	TOTAL COMPANIES
Corporate procurement	1,437	516
Franchising	1,689	758
Growth, Mergers, Acquisitions	188	72
TOTALS	3,314	1,348

To institutionalize part of its program, BICSN has assisted the Department of Business Administration of the University of Natal to establish an affirmative action procurement curriculum and corporate consulting services. Based on the assistance through BICSN, twenty South African suppliers are establishing an institution similar to the National Minority Supplier Development Council of the U.S.

*I.R. 3.4 Viable models adopted locally**Models for SME finance and business*

BICSN assistance in the area of developing and disseminating viable models has resulted in:

- improved capacity of Black businesses to access procurement opportunities;
- improved knowledge and practices of the South African corporate sector on how to structure programs in order to recruit procurement firms from the historically disadvantaged sector; and
- created opportunities for the previously disadvantaged firms to obtain franchise.

Results in the franchise area have been outstanding and include six new franchise companies (see Table 8 below) which created 69 new businesses and generated between 252 and 336 jobs; 12 International Master Franchise Agreements were negotiated and created 103 franchises and generated 958 jobs; and 67 black entrepreneurs were assisted to become franchisees of existing South African companies and generated approximately 450 new jobs.

TABLE 8: FRANCHISE AGREEMENTS FACILITATED BY BICSN

FRANCHISE COMPANY	NUMBER OF FRANCHISEES
Alex Hair	3
Equal Access	2
Phone Spaza	55
The Computer School	4
The Kitchen Centre	2
Zach's Exhaust and Tyre	3
TOTAL NUMBER	69

As part of its affirmative procurement program, BICSN assisted several historically disadvantaged enterprises to get contracts for the delivery of goods and services to established, formal sector companies (see Table 9 below).

**TABLE 9: CONTRACT VALUE OF BICSN ASSISTED CLIENT FIRMS**

CLIENT	CONTRACT VALUE	CORPORATE BUYER
Foster's Group	R10,000,000	SAA, Promat
Petite Upholsters	450,000	Various decorators
Graceline Textiles	1,000,000	Eskom and Engen
Baltic Travel	8,900,000	Various corporate companies
Khopotse and Sons	600,000	Supreme Toilet Hire

## EXPECTED PROGRESS IN 1996/8

In the Mission's recently submitted CSP this component of the previous SO3 was reformulated as a separate SO -- Increased access to financial markets for the historically disadvantaged population. (See Part III, Status of USAID/South Africa's Management Contract.)

The area of corporate procurement has a widespread effect that can be felt over many years. The stakes are huge. For example, the Chief Director of Economic Affairs of Gauteng, Mr. Stan Matsebula declared that: "Gauteng issues R4 billion worth of tender contracts a year. At present, historically disadvantaged business gets less than 5 percent of that, but within five years we aim for them to get 50 percent of those tenders."

## 2. Housing and Urban Development Sector

### STRATEGIC OBJECTIVE CONTEXT

The principal objectives of the Housing and Urban Development program are to promote community based planning, provide shelter finance for the disadvantaged population, increase the effectiveness of the historically-disadvantaged building sector, and improve the policy framework for local, community-based development and governance.

The Housing and Urban Sector development program is primarily implemented through three USAID/South Africa projects. One is the grant-funded Shelter and Urban Development Support Project (SUDS). The others are loan

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guarantee projects: the Private Sector Housing Guaranty Project (PS-HG) and the Basic Shelter and Environment Housing Guaranty Project (BSE-HG).

### **ALIGNMENT WITH SOUTH AFRICA'S CHALLENGES**

South Africa currently faces a number of challenges linked to the provision of housing and urban services for the its disadvantaged communities. The first is that of the development of a policy framework that will permit its shelter-provision and service-delivery systems to function effectively. Closely linked to the formulation of appropriate policies is the passage of legislation and the creation of administrative structures to support the shelter-delivery systems.

A second challenge is the need to strengthen the organizational capacity of NGOs and CBOs located in low-income communities. Prior to the national election in 1994, various NGOs and CBOs were established to put pressure on local governments to provide needed services. This was in response to the previous government's failure and unwillingness to provide adequate housing and urban services for historically disadvantaged South Africans living in urban townships and informal settlements. By the time of the election, many communities had identified needs and, in some cases, initiated projects to meet those needs. The principal focus of some of these communities became the formulation of development plans and mechanisms to implement them. At the same time, most organizations lacked, and still lack, the capacity to implement their plans. Institutional strengthening of these organizations to permit them to be viable partners for government and the private sector related to local-level development and shelter provision is therefore a major priority for South Africa.

A third challenge is that of the creation of opportunities for emerging, historically-disadvantaged contractors in the housing and infrastructure delivery process. Specific needs include building capacity among individual entrepreneurs and increasing their access to bridging finance. The importance of furnishing support for emerging contractors is based upon the fact that they are the major providers of housing for low-income households.

A final challenge is increasing the flow of available credit for low-income housing. This is perhaps the most complex issue and requires the creation of innovative financing mechanisms intended to meet the particular needs of disadvantaged households. The problem is rendered more difficult because it will require the collaboration and commitment of the government, the private financial sector, and the NGO/CB community over the long term.

USAID/South Africa's program is intended to assist the public and private sector to address all of the above challenges. Its principal areas of involvement in the Housing and Urban Development Sector are therefore:

- increasing access to finance and leveraging resources for urban development;
- supporting policy formulation;
- building community capacity;
- furnishing opportunities to emerging developers and builders; and
- developing "best practice" methods for community, government and private sector partnerships in housing development.

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## QUANTITATIVE AND QUALITATIVE ASSESSMENT OF USAID/SOUTH AFRICA IMPACT

### SO RESULT: INCREASED OPPORTUNITIES FOR OWNERSHIP RESULTING FROM THE REMOVAL OF BARRIERS

In the housing area, USAID/South Africa has increased opportunities for ownership by providing strategic technical assistance aimed at the removal of existing barriers. USAID/South Africa has assisted the Department of Housing (DO) to formulate a national housing strategy and a range of key initiatives and interventions aimed at stabilizing the housing environment and accelerating the construction of housing and related infrastructure.

The main fiscal instrument is a limited, one-time grant for very low-income households from the Provincial Housing Boards or through savings-linked credit schemes administered by financial institutions. Several institutional innovations (listed below) that are intended to facilitate implementation, accompany the grant program.

USAID has also helped communities to leverage housing and urban development resources through various mechanisms. These include training, organizational development, and institutional support for organizing themselves into development planning and implementation structures. Through these structures, communities are able to approach public and private sector partners for funds for development purposes. In KwaZulu-Natal alone, through a variety of mechanisms, USAID has leverage funds that will provide shelter assistance for over 150,000 households.

USAID/AS is also funding programs for increasing the opportunities for emerging contractors to successfully bid on housing and infrastructure contracts. The main focus of these programs is to create and promote an enabling environment for emerging black contractors through the formation of partnerships among the GNU, South African development agencies, the construction industry, suppliers and vendors. These partnerships will also work on legal and regulatory policies. These programs have the potential to impact a constituency of about 13,000 historically disadvantaged construction firms and their employees.

Finally, USAID/South Africa's programs are resulting in the creation of a number of shelter delivery mechanisms that will bear replication. It is also developing a set of "lessons learned" that are being catalogued for distribution among key partners and stakeholders.

### INTERMEDIATE RESULTS

#### *I.R. 3.1. Leveraged resources for urban development.*

Providing access to shelter-related finance for low income households is a major avenue of intervention of USAID/South Africa in the housing and urban sector. The two Housing Guaranty projects, which provide a U.S. government guaranty of loans by U.S. financial institutions to South African a private sector financial institution(s), are the principal vehicles for leveraging resources and providing shelter-related

The Private Sector-Housing Guaranty project involves a \$75 million housing guaranty loan to two major South African banks. The banks will issue the rand equivalent of \$150 million in mortgage bonds to majority population households earning between R1,500-2,625 that previously lacked access to mortgage finance. In 1995, the banks reported the issuance of loans for the purchase of approximately 3,400 houses, servicing approximately 17,000 individuals, through this program. Additional loans were known to have been made during the reporting period but were not available at the time of this report.

In 1995, USAID/South Africa completed negotiations on the Basic Shelter and Environment Housing Guaranty Project (BSE-HG). This program is worth \$58 million and will, like its predecessor, leverage twice this amount (\$116 million). The program will provide finance for home ownership and upgrading of housing for households earning below R1,500.

In addition to the Housing Guaranty Projects, grant funds are also utilized to leverage funds. Two of the major achievers in FY 1995 are:

*The Group Credit Company* (and their affiliate the Cash Bank), which utilized a USAID funded \$2.5 million revolving fund to make more than 14,000 shelter-related loans to individuals earning below R3,000 per month. More than seventy five percent of these individuals earned below R1,500 per month, the monthly median income. Note that the fund will be utilized to make shelter loans on an on-going basis during the CSP period.

*The Project Preparation Facility of KwaZulu Natal* which utilized a USAID funded \$1.8 million fund to finance 12 projects and to leverage \$120 million in public sector and corporate funds. The total number of families assisted is 150,000.

*I.R. 3.2. Improved policy and regulatory environment for full participation in the economy - housing policies changed and implemented.*

USAID has initiated two bilateral grants with the Government of National Unity and has provided extensive technical assistance and training in support policy development. Through a bilateral grant with the Department of Housing, USAID/South Africa helped with the formulation of a number of key policies during FY 1994 including: a Mortgage Indemnity Fund, a National Home Builders Registration Council and a National Builders Warranty Program. In FY 1995, USAID assisted the government to structure a **National Housing Finance Corporation that will provide wholesale finance for private sector lending institutions, including non-traditional lenders that are geared to service low-income households.** This institution is the centerpiece of the government's strategy to unlock private sector finance for low-income housing.

USAID/South Africa has also provided assistance to the Fiscal and Financial Commission (FFC) which is the entity responsible for recommending intergovernmental financial arrangements. The highlight of this year's assistance was the nation-wide conference on intergovernmental fiscal relations in March 1994 which attracted more than 200 senior-level South African local, provincial, and national officials. The conference, and subsequent USAID/South Africa funded technical assistance, helped with the development of a **formula for ensuring the equitable distribution of fiscal resources from the central government to the nine provincial governments.**

USAID/South Africa also supported the RDP in its quest to develop a municipal infrastructure finance policy. Forms of assistance included: financing of a nationwide infrastructure investment conference which permitted the identification of strategies to encourage private sector investment in municipal infrastructure; and participation in discussions with a team of South African experts and World Bank officials in March/April 1995 to produce a **Municipal Infrastructure Investment Framework** report for the government. Finally, USAID signed a bilateral agreement with the RDP in August of FY 1995 to pursue the refinement of an implementation plan for the **Municipal Infrastructure Investment Framework.**

*I.R. 3.3. Improved effectiveness and sustainability of community-based organizations and professional organizations.*

USAID has provided assistance with institutional development to dozens of NGOs and CBOs during the year. The major assistance to CBOs was funnelled through Community and Urban Services Support program (CUSSP) which is financed through the SUDS project. CUSSP has worked with 80 different communities in 8 of the 9 provinces to make the transition from a protest orientation to a community development orientation. Work is still

on-going in 40 communities. The size of project beneficiary group has varied enormously, from groups as small as 40 families to townships as large as 7,000 families, with the median group size being 800 families. Most of these communities have received, technical advice, training, organizational support, and capacity building. Of the communities which CUSSP is still involved with, 30 are at the stage of identifying their key development needs, meeting their needs through project design, and mobilization of resources. Some of these organizations are already at a project implementation stage. The direct benefit CUSSP brings to each group varies. In the 40 projects where CUSSP is currently active, 16,000 families will be housed.

USAID has also provided grants to a number of other NGOs working directly with CBOs. These include COPE, PACT, CORPLAN and the Project Preparation Facility of KwaZulu-Natal.

Finally, USAID has provided support for a number of professional organizations. These include the Lawyers for Human Rights, Legal Resources Center, Development Services Law Trust, the South African Black Technical and Allied Careers Organization, and the South African Black Construction Assistance Program (SABCAP). SABCAP, in particular, has made tremendous strides during FY 1995. Its program, which was revised during the year, is to help create and promote an environment in which historically disadvantaged construction enterprises can participate in mainstream construction activity. This includes the provision of skills and training for entrepreneurial success; improving cooperation among the GNU, South African development agencies, the construction industry, suppliers and vendors; and improving the policy, legal, regulatory and program environment. These efforts will benefit the majority of the historically disadvantaged construction firms.

#### *I.R. 3.4. Viable models adopted locally.*

##### *Housing Finance Models*

Under the SUDS program, three trust funds (Project Preparation Facility of KwaZulu Natal, Libuyile Community Development Trust and the Western Cape Community Housing Trust) are providing funds for the preparation of community based housing development proposals. Funded proposals help communities capture national and international funding; support the design and development of small credit and building materials supply initiatives; support training and mentoring of disadvantaged professionals; and, fund research in support of community based-housing delivery. The latter two trusts were created in response to the successful performance of the three-year-old Project Preparation Facility of KwaZulu-Natal, which incidentally, served as the model for the design of the RDPs' project preparation facility.

##### *Community Organization and Development Models*

CUSSP has also developed multiple community organization models. They provide lessons learned vis-a-vis the transformation of CBOs from protest to development entities. Over the last eighteen months, CUSSP has also carried out over 33 consultancies and studies in areas such as community based credit, basic sanitation and water supply, economic development policy, management of community-driven development projects, and public/private partnerships in low cost housing. In addition, CUSSP has prepared more than 20 low-income Community Profiles. These studies and profiles will provide baseline data for use by local, provincial and national governments in addressing community housing and urban development needs.

### III. STATUS OF USAID/SOUTH AFRICA'S MANAGEMENT CONTRACT

#### *FY 95-96 Management Contract*

*SO1 To Help consolidate Sustainable Democratic Governance*

*SO2 To Support the Development of Policies, Systems and Capacities for the Integration of the Education System*

*SO3 To Increase Opportunities for Access to and Ownership of Assets by Historically Disadvantaged South Africans while Supporting the Necessary Overall Economic Growth and Development to Make this Possible*

*SO4 Support the Development of a Unified System to Provide Integrated Primary Health Care Services to Underserved Population*

#### SO OFFRANGES & REFINEMENTS

Part I documented the sea change that the Mission's strategy has undergone during FY 1995. In reality, this document reports on a strategy that has now been vetted and refined through two processes - preparation of the Concept Paper and extensive consultation for the Country Strategic Plan (CSP). In the midst of this process, the Management Contract with AID/W was established reflecting the strategic objectives at the time of the Concepts Paper. The analysis and consultation for the CSP revalidated some concepts and changed others. One constant throughout was the close fit between the goals of the Government of National Unity and those of USAID. This led to a series of strategic choices which resulted in 6 Strategic Objectives in the areas of democracy and governance,

education, health, economic policy capacity, financial markets and shelter.

#### Strategic Choices

In devising a country strategy within the parameters defined by the goals of USAID and those of the GNU, USAID/South Africa had to make many strategic choices. These choices were made in full consultation with our partners. The strategic choices for the program were influenced by the following factors: (a) the Agency's strategies for sustainable development, and Agency and Africa Bureau guidance; (b) sector assessments and consultations; (c) experience with past program areas; (d) Congressional interest areas as represented by legislative or budgetary earmarks or targets; (e) the Mission's judgements concerning its ability to achieve results given likely resource constraints including program budgets, staffing and operational budgets; (f) relative focus of other international donor programs; (g) opportunities for appropriate support of the Reconstruction and Development (RDP); (h) extensive, inter-agency and Congressional consultations; and (i) comparative advantage. The Agency's review and approval of the Mission's March 1993 Concept Strategy Paper, reaffirmed a focus on political, social, and economic empowerment of the disadvantaged majority population. Specific areas of intervention identified included community development, human rights, democracy, basic and higher education, health, private sector development, and shelter and urban services provision.

#### Evolution of Strategy

Prior to the election, USAID/South Africa's goal was political, social, and economic empowerment of the disadvantaged population, with the explicit objective of supporting political change. With the advent of democratic rule, the critical goal of formal political enfranchisement was achieved. However, daunting legacies of social and economic disempowerment remain, and even the political sphere needs further transformation and consolidation.

USAID/South Africa's assistance over the last two years addressed critical post-transition needs in political, social, and economic areas. It has supported the new Government's early efforts to expand and consolidate democracy; transform the civil service; establish new policies and systems in education, health, housing, and private sector development; and to deliver tangible gains to the majority population under the Reconstruction and Development Program (RDP). Whereas previous assistance had been exclusively through South African and American NGOs

and PVOs, USAID/South Africa used the flexibility of President Clinton's post-elections pledge of increased assistance to South Africa to continue its support to NGOs and PVOs, while initiating a series of bilateral assistance agreements with the Government of National Unity (GNU). Most of these agreements support GNU/NGO cooperation to achieve reconstruction and development objectives. USAID/South Africa's decision to continue major assistance to NGOs distinguishes its post-elections programs from those of many other donors, who have switched more categorically to direct funding of Government programs.

Now that South Africa's transition is through the first phase, it is appropriate to look at the longer-term problems facing South Africa and to set explicit objectives for U.S. assistance in a limited number of areas that are critical for the goal of sustainable transformation. The Mission has done this through an intensive process of consultation with South African and American development partners that has lasted more than a year. The exact form of that consultation has varied by area (now called Strategic Objective), but the common theme was shared discussion and debate about what South Africa's key development needs are, what USAID/South Africa's comparative advantages are, and what USAID/South Africa can realistically hope to contribute.

What USAID/AS can contribute is obviously influenced by the Mission's past assistance relationships in the country. Thus it is not surprising that the Mission's proposed strategy builds on our experience in the three areas of political, social, and economic empowerment that were highlighted in the Mission's 1993 Concept Strategy Paper. However, the content of the new Strategic Objectives has evolved considerably from the concepts of three years ago.

### Proposed Strategy

Broadly speaking, USAID/South Africa's proposed strategy has three main thrusts. The first is in democracy and governance through SO1. It involves support for key post-elections needs in democratic consolidation, building governance capacity, and developing innovative models of government/civil society/private sector cooperation for RDP delivery.

The second thrust is support to the RDP in key social sectors. This will be done through SOs 2 (education), 3 (health), and 6 (housing). USAID contributions under these SOs will concentrate on policy and the development of effective delivery systems. These efforts build on past USAID/AS programs in these areas, particularly established USAID/South Africa relations with key NGOs with which new Government officials are comfortable working due to long-standing shared objectives.

The third thrust is support for economic growth and economic empowerment of the disadvantaged population. The GNU plans to announce soon a Growth and Development Strategy (complementing the RDP) that focuses on encouraging growth, trade, and investment. USAID/South Africa plans to support this strategy through SO4 (economic policy, which will help build capacity for economic policymaking) and SO5 (private sector, which will help the disadvantaged population participate in private enterprise). SO6 (housing) will also contribute to economic empowerment of the disadvantaged population.

These six SOs vary in the types of results they aim for, how they redirect past programs, proposed funding levels, and how long they require to accomplish their results. This reflects the different needs and opportunities in the political, social, and economic spheres:

In the *political sphere*, SO1 targets "democracy, governance and capacity for participatory development strengthened." SO1 discontinues past efforts to support community and leadership development and civil society for their own sakes, and switches to helping government, civil society organizations (CSOs), and the private sector cooperate in development. It continues support to the government in improving public management, but focuses on sustainable "leave behinds" in schools of government which can help train new officials. These two elements continue to the end of the proposed program. The third component--achieving democratic consolidation in human rights, conflict resolution, and public participation in policy development--is to be completed by 1999.

In the *social sphere*, SO2 targets "improved policies, sub-systems, and capacities for a transformed education system;" SO3 targets "a more equitable, unified, and sustainable system delivering integrated primary health care

services to all South Africans;" and SO6 targets "improved access to environmentally-sustainable shelter and urban services for the historically disadvantaged population." SO2 does not continue past heavy investments in scholarship programs (a mainstay of the USAID program since 1986). Rather it builds on long-standing investments in development of new education approaches and models by NGOs to support the development of new policies and systems in basic education, further education, and tertiary education. These will be achieved through close cooperation between NGOs and Government at the national and provincial levels and through direct assistance to historically disadvantaged tertiary education institutions

Investments under SO2 will continue to the end of the program because of the magnitude of the problems being addressed. SO3 is a new program (one year old) that supports the development of an integrated primary health care system in the Eastern Cape and its replication in other provinces. Planned in close coordination with the Ministry of Health, it will achieve its results by 2002. SO6 targets sustainable gains in housing and urban services finance leading to improved shelter conditions for the majority population. It will complete its programming of current Housing Investment Guarantees in FY96 and achieve its results by 2001.

In the *economic sphere*, SO4 evolved from the growing recognition that there was a serious gap in economics policy capacity, both in the government and in the private sector and NGO community. This SO then targets "improved capacity of key GNU/CSO entities to formulate, evaluate, and implement economic policies to promote economic growth and equity." SO5 has become more specific and now targets "increased access to financial markets for the historically disadvantaged population." SO4 combines immediate assistance to Government and CSO bodies involved in policy development with longer-term efforts to expand economic policy capacity among the disadvantaged population through degree training. Reflecting the long-term nature of the economic policy development task, SO4 continues until the end of the Mission's program. SO5 builds on past USAID/South Africa efforts to strengthen micro enterprises through support to NGOs and adds new elements focused on the development of majority-owned small and medium enterprises through better access to finance and linkages to the broader economy. As a mature and focused program, this SO's results will be achieved by 2000. SO6 (housing) will contribute to economic empowerment of the disadvantaged population through improved access to shelter-related finance for disadvantaged households, developers/builders and service providers and through the generation of employment linked to housing construction.

Our six strategic objectives have these common approaches:

- Expanding roles for Civil Society Organizations (CSOs)
- Building new bilateral relationships with government (national and provincial) and responding to national and provincial needs and priorities for transformation
- Engendering sustainable CSO and GNU partnerships
- Concerted policy dialogue
- Leveraging of funds for maximum impact
- Developing, testing and assessing effective replicable models.

These common approaches will lead to short to medium-term results, such as, more consolidated democracy, a transformed education system, a unified primary health care system, improved economic capacity, increased access to financial markets, and improved access to shelter and urban services. These results will contribute to improved political rights and civil liberties, improved educational and health status, and improved economic growth and equity, which in turn, will lead to improved quality of life for the majority population..

### Monitoring Impact

The Mission is making progress in its effort to monitor program impact. During the past year USAID/South Africa completed its Country Strategy which will provide a map for the next ten years.

The Mission also has designed a Program Monitoring and Evaluation contract which has been published in the Commerce Business Daily and should be let by the end of the fiscal year. This contract will "implement a comprehensive performance measurement: planning, monitoring and evaluation, system to measure the Mission's performance in accomplishing its Strategic Plan as defined in the 1995 Country Performance Strategic Plan (CPSP)". The scope of work for the contract envisions a full range of services in the areas of Monitoring and Evaluation, Information System Management, Evaluation, Data Research and Gathering and specific Information Needs. In addition, the contractor will be available to Mission SO Teams for services such as: Individual SOT Coverage, Monitoring and evaluation services, Activity, Project, Sector and Sub-sector Evaluations or Assessments, Studies/Topical Analyses, and Report Production and Editing. During the course of the next 6-8 months the Mission will work toward completing its monitoring and evaluation plan, selecting appropriate indicators and evaluating appropriate targets, sources of information etc. We will also be finalizing the NGO organizational capacity index and developing a democracy index. There is a lot of education to be done on the importance of impact monitoring, what it is and is not. As we amend or create individual grants during the year they will include the appropriate reporting requirements per the new results framework. We will also be working with individual grantees to assure understanding not only of USAID specific reporting requirements but how reported data will be useful to their own planning process.

## PROPOSED STRATEGY AND MANAGEMENT PLAN

### Goal: Sustainable Transformation

The proposed strategy covers the period from now until the Mission's planned exit from South Africa between 2003 and 2005. The strategy is a "graduation" or "completion" strategy. USAID/South Africa believes that the overall goal of the program should be support for sustainable transformation. Sustainable transformation goes beyond short-term transition but not as far as long-term sustainable development. There is a general shift in the strategy's emphases over the ten-year (1996-2005) program. Programs focused on sustainable sectoral transformation of the private sector, housing, and health will be completed by 2000 to 2003. After this the program will concentrate on sectoral transformation in education and sustainable structural transformation in governance and economic policy designed to ensure an environment for long-term development and growth. Sustainable transformation means:

South Africa is at the point where democracy is sufficiently consolidated; basic systems and policies for social service delivery in education and health are moving from being fragmented to being unified; and institutions are establishing mechanisms so that the historically disadvantaged and previously disempowered women and men participate in, contribute to, and benefit from the development of South Africa.

### Sub-Goal: Empowerment

The strategy sub-goal is political, social, and economic empowerment. The Mission will continue to ensure that the program strengthens the capacity of the historically disadvantaged population to take the next steps in their own and their community's development. That is, in all our efforts we seek to empower the historically disadvantaged to sustain the transformation and development processes. USAID/South Africa's efforts towards achieving racial equality are planned to ensure gender balance as well. Our strategic objectives will increase opportunities for women and men to participate in, contribute to, and benefit from the development of their country.

USAID/South Africa, in consultation with our South African customers and partners, has articulated the following six strategic objectives.

**SO1: Democracy/Governance:** Strengthened democracy, governance, and capacity for participatory development

**SO2: Education:** Transformed education systems based on equity, access, and quality

**SO3: Health:** More equitable, unified, and sustainable system delivering integrated primary health care services

**SO4: Economic Policy Capacity:** Improved capacity of key GNU/CSO entities to formulate, evaluate, and implement economic policies to promote economic growth and equity

**SO5: Private Sector Development:** Increased access to financial markets for the historically disadvantaged population

**SO6: Shelter And Urban Services:** Improved access to environmentally-sustainable shelter and urban services for the historically disadvantaged population

## SO1: DEMOCRACY, GOVERNANCE, AND CAPACITY FOR PARTICIPATORY DEVELOPMENT STRENGTHENED

**Problem Analysis/Background:** South Africa's transformation is, in the first instance, political. Democratic governance is pursued not only as an end in itself but because it also provides the enabling environment to achieve USAID/South Africa's other strategic objectives. Progress in the political arena must continue in order to provide the stability and overall framework for the sustainable transformation of all sectors within South Africa. Programs under SO1 will look quite different in the future compared with the past. Programs in traditional community and leadership development will have ended; programs in human rights, conflict resolution, and governance will continue but with tighter targeting and more focus on long-term goals; and new programs in support of models for effective government/civil society cooperation for development will be added. The Mission is already involved in all three fields of democracy, governance, and participatory development and the question is how these fields should be balanced in the new strategy. The proposed strategy targets significant results in all three areas. Democratic consolidation results are front-loaded with most of them to be completed before the 1999 general election. Governance support is spread out over the duration of the Mission's program. Partnerships for development is also spread out over the duration of the Mission's program.

### DEMOCRACY/GOVERNANCE--INTERMEDIATE RESULTS

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| <p><b>1.1: Increased human rights and access to equitable justice systems.</b><br/>Given South Africa's history, human rights consolidation and access to equitable justice are critical components of democratic consolidation.</p>  |
| <p><b>1.2: Political and community-level conflicts effectively mediated.</b><br/>Although political violence has been reduced since the 1994 elections, conflict resolution remains a critical need because violence continues to disrupt development and democratic participation.</p>   |
| <p><b>1.3: Public policy reflecting Civil Society Organization (CSO) and public participation.</b><br/>South Africa's new democracy still lacks developed channels for citizen participation, thus the need to strengthen both the capacity of civil society to generate public policy inputs and the capacity of government to receive these inputs.</p>                                 |
| <p><b>1.4: Executive structures (especially provincial) better equipped to manage participatory development.</b><br/>South Africa's new democracy also requires assistance to better equip elected and appointed officials and the civil service to manage participatory development, and to expand the long-term capability to produce effective and qualified government officials.</p> |
| <p><b>1.5: Innovative practices of partnership and participation adopted in provinces.</b><br/>Promoting innovative partnerships among government, CSOs, and the private sector will improve RDP delivery and participatory development.</p>  |

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## **SO2: TRANSFORMED EDUCATION SYSTEM BASED ON EQUITY, ACCESS, AND QUALITY**

**Problem Analysis/Background:** A strategic objective which focuses on the transformation of the public education system in South Africa is essential for "Sustainable Transformation." The need to establish an equitable and efficient educational system is not subject to compromise. The fragmented and undemocratic nature of the education system it produced may be the most damaging feature of the apartheid system. Maintenance of hard-won democratic principles rests on an educated population that can articulate its needs. Strategic Objective 2 contains three elements: (a) policy reform, (b) establishment of systems to execute and implement policies, and (c) capacity building. The vision for a transformed system of education in South Africa includes: a unitary system of education; 10 years of free, compulsory (basic) education; lifelong learning opportunities; the right to instruction in the language of choice, where practicable; and the right to establish educational institutions based on common culture, language or religion, provided there is no discrimination on the basis of race. USAID/South Africa will be most successful in applying limited resources in assisting the national and provincial departments of education to establish policies and to create or enhance the systems necessary to implement these policies, rather than focusing on direct service delivery.

### **EDUCATION--INTERMEDIATE RESULTS**

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| <p><b>2.1: Policies for transformation of the education system are enacted and approved.</b><br/>The GNU currently lacks specified policies and strategies, particularly at the provincial level, to operationalize the promise of equitable access to quality education.</p>              |
| <p><b>2.2: Responsive and functional organizational systems.</b><br/>The legacy of the apartheid structures of government for different racial groups has resulted in a lack of efficient organizational systems for implementing policies and strategies once articulated.</p>            |
| <p><b>2.3: Adequate qualified human resources base.</b><br/>An acute shortage of trained personnel, at both the national and provincial levels, has a severe adverse impact on the GNU's ability to deliver equitable access to quality education.</p>                                     |
| <p><b>2.4: Functional infrastructural capacity to deliver services in place.</b><br/>Difficulties in widely disseminating models of educational practices, methodologies and materials hamper the GNU's ability to provide quality education to the majority disadvantaged population.</p> |

### **SO3: MORE EQUITABLE, UNIFIED AND SUSTAINABLE SYSTEM DELIVERING INTEGRATED PRIMARY HEALTH CARE SERVICES TO ALL SOUTH AFRICANS**

**Problem Analysis/Background:** The major health care challenge for the new South Africa is to provide equity in basic health care to all South Africans and, in the process, to rectify the underlying inequities in health services provision brought about and supported by apartheid. SO3 will accomplish this both by increasing access to an integrated package of primary health care (PHC) services, and by improving the institutional sustainability of critical PHC management and service delivery systems. South Africa has had a highly fragmented public health system designed to serve the different population groups separately. Fragmentation, curative focus, and lack of community participation resulted in a large, majority population which was deprived of even basic primary health care. USAID/South Africa and the GNU have mutually decided that USAID will support the integrated PHC systems development approach. The rationale for supporting the development of an integrated primary health care system rather than the delivery of specific health interventions, such as family planning or HIV/AIDS, is based on the fact that the GNU has identified such a system as the cornerstone of its new health system and lessons learned from health and child survival programs elsewhere in Africa that such interventions cannot be sustained without reinforcing the support components of integrated health systems. SO3 will be achieved through the implementation of two phases. During Phase 1 (Years 1-4), SO3 will be implemented principally in a single province, the Eastern Cape. During Phase 2 the results will be disseminated nation-wide. Given the systems development approach, the project will not support the actual delivery of services except as part of research or pilot activities to determine more effective ways to deliver services.

#### **HEALTH - INTERMEDIATE RESULTS**

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| <b>3.1:</b> | <b>Access to integrated package of PHC services increased.</b><br>Increased access to PHC services for the majority disadvantaged population is the most critical element of rectifying the inequities in the health service program brought about by apartheid.   |
| <b>3.2:</b> | <b>Effective health care referral system operating.</b><br>The development of an effective system for health care referrals is an essential component of delivering PHC services in a cost efficient manner so as to maximize the availability of PHC services.  |
| <b>3.3:</b> | <b>PHC managers at provincial level and below effectively utilizing enhanced management skills.</b><br>The lack of management skills impairs the ability of provinces to deal effectively with planned organizational changes and other issues regarding equitable access to integrated PHC services.  |
| <b>3.4:</b> | <b>Efficiency and effectiveness of PHC service delivery increased.</b><br>The fragmentation of South Africa's existing health care system causes numerous inefficiencies that impair the equitable delivery of integrated PHC services.  |
| <b>3.5:</b> | <b>PHC training program strengthened and institutionalized at provincial level.</b><br>Current training programs for medical/health professionals are based on curative models of health care and do not prepare medical/health professionals for PHC service delivery.  |
| <b>3.6:</b> | <b>Information systems at provincial level and below being used effectively for program development, management and monitoring.</b><br>The fragmentation of South Africa's existing health care system has resulted in the absence of uniform reporting on health care, and this lack of information makes it impossible to identify and overcome service delivery problems. |

**SO4: IMPROVED CAPACITY OF KEY GOVERNMENT AND NON-GOVERNMENT ENTITIES TO FORMULATE, EVALUATE AND IMPLEMENT ECONOMIC POLICIES TO PROMOTE ECONOMIC GROWTH AND EQUITY**

**Problem Analysis/Background:** An improved economic policy environment is critical to achieving the economic empowerment of South Africa's historically disadvantaged population. This strategic objective addresses the issue of capacity to formulate, evaluate, and implement economic policies, but does not directly address the overall policy environment or specific policy reforms. The major challenge for South Africa is to generate increased broad-based, sustainable economic growth and improved equity for the historically disadvantaged population. The achievement of a growth promoting policy environment will require strengthened capacity within the governmental and the non-governmental sectors to engage in economic policy formulation, evaluation and implementation. Of special concern is the ability to participate, both in the sense of opportunity and technical ability, by those previously excluded from such processes. The process of effective policy change will require a major effort in applying "variable geometry" to form different coalitions to support change. Strengthened capacity of critical governmental and non-governmental organizations to engage in the economic policy process is required not only to directly support the efforts for policy change, but also to help influence different groups and to help identify and form winning coalitions for reform and change.

**ECONOMIC POLICY CAPACITY--INTERMEDIATE RESULTS**

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| <p><b>4.1: Human resource development in economics and policy analysis for key government entities.</b><br/>A critical component of improving the GNU's capacity in economic policy is to address the human resource development needs of those government entities that are key to economic and policy analysis, including issues related to participation of the majority population.</p> <p><b>4.2: Strengthened government departments that deal with economic policy matters.</b><br/>Another critical component of achieving the Mission's strategic objective in Economic Policy Capacity is to strengthen the government departments that deal with economic policy issues.</p> <p><b>4.3: Strengthened think tanks to formulate and evaluate economic policy options for all economic policy makers.</b><br/>Because of the important role that civil society can play in public dialogue regarding economic policy options, capacity building for think tanks and other NGOs involved in economic policy formulation is necessary.</p> <p><b>4.4: Strengthened centers of economics training (Centers of Excellence in Economics), especially within the historically disadvantaged institutions.</b><br/>South Africa lacks institutions for meeting the country's continuing human resource development requirements in economics, particularly for the disadvantaged majority population.</p> |
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### SO5: INCREASED ACCESS TO FINANCIAL MARKETS FOR THE HISTORICALLY DISADVANTAGED POPULATION

**Problem Analysis/Background:** While political participation has been greatly enhanced with the establishment of a majority government in South Africa, social and economic disparities along racial lines are still very evident. Blacks dominate the ranks of the unemployed and the informal sector, both as survivalists and microentrepreneurs. Women dominate in the survivalist category. In order to provide overall economic growth, entry of blacks into the formal sector is critical. The problem in South Africa is not lack of capital, *per se*, but facilitating access throughout the economy. SO5 focuses on improving the policy environment to facilitate access to capital for historically disadvantaged enterprises, improving the capacity of the financial sector to service the historically disadvantaged and improving the capacity of the historically disadvantaged to respond to financial market requirements. The interventions to be pursued are divided between results focused on informal and micro enterprises where our partners are NGOs and the GNU and results focused on small, medium and large enterprises where our development partners are from the private sector.

#### PRIVATE SECTOR DEVELOPMENT--INTERMEDIATE RESULTS

##### Intermediate Results Focused on Informal and Micro Enterprises

- 5.1: Improved policy environment for facilitating access to capital for historically disadvantaged informal and micro enterprises.**  
Because South Africa's impediment to private sector development is access to capital, and not the lack of capital, it is critical to create a policy environment that facilitates access to capital for the historically disadvantaged.
- 5.2: Improved capacity of the financial sector to service historically disadvantaged informal and micro enterprises.**  
South Africa's relatively sophisticated financial sector lacks experience in the methods and techniques necessary to service historically disadvantaged informal and micro enterprises.
- 5.3: Improved capacity of historically disadvantaged informal and micro enterprises to respond to financial market requirements.**  
Historically disadvantaged informal and micro enterprises are unfamiliar with, and, thus, unable to satisfy financial market requirements for obtaining capital.
- 5.4: Improved policy environment for facilitating access to capital for historically disadvantaged small, medium and large enterprises.**  
Because South Africa's impediment to private sector development is access to capital, and not the lack of capital, it is critical to create a policy environment that facilitates access to capital for the historically disadvantaged.
- 5.5: Improved capacity of the financial sector to service historically disadvantaged small, medium and large enterprises.**  
South Africa's relatively sophisticated financial sector lacks experience in the methods and techniques necessary to service historically disadvantaged small, medium and large enterprises.
- 5.6: Improved capacity of historically disadvantaged small, medium and large enterprises to respond to financial market requirements.**  
Historically disadvantaged small, medium, and large enterprises are unfamiliar with, and, thus, unable to satisfy financial market requirements for obtaining capital.

**SO6: INCREASED ECONOMIC INTEGRATION OF LOW-INCOME HOUSEHOLDS THROUGH IMPROVED ACCESS TO ENVIRONMENTALLY SUSTAINABLE SHELTER AND URBAN SERVICES.**

**Problem Analysis/Background:** South Africa's urban landscape is currently dominated by sprawling slums and squatter settlements. They stand in vivid contrast to the communities where the privileged few reside. They serve as a constant reminder of the gap between the economically empowered and the economically deprived and underscore the need for access to shelter and basic urban services for the historically disadvantaged majority. A cornerstone of the apartheid system was legislation which specifically prohibited ownership of key economic goods (i.e., houses and businesses) and restricted access to vital services (i.e., water and electricity) by black South Africans. Today, an estimated one million historically disadvantaged households live in squatter settlements in appalling conditions. The magnitude of the shelter and urban infrastructure problem in South Africa dictates the form of USAID's strategy. Given the size of the shelter deficit versus USAID's limited available resources, in order to make an appreciable impact, USAID/South Africa must focus upon *access* to shelter as opposed to the actual *production* of shelter. Access to shelter can be improved by improved policy formulation, improving access to credit for shelter and urban services and non-credit support for the very low-income households. These are also areas where USAID/South Africa has experience. USAID/South Africa possesses an arsenal of tools that are particularly well-suited to the implementation of its chosen strategy, including: (1) grants and cooperative agreements; (2) technical assistance and training for institutions that are recipients, providers and facilitators of credit and non-credit assistance to the historically disadvantaged population; (3) bilateral agreements with national, provincial and local-level policy developing entities; and (4) loans under the Housing Guaranty (HG) program.

**SHELTER AND URBAN SERVICES--INTERMEDIATE RESULTS**

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| 6.1: | <p><b>Improved environment for the development and implementation of a policy agenda for increasing access to shelter and urban services for the historically disadvantaged population.</b></p> <p>The creation of a policy framework that affirmatively makes provision for access to shelter and urban services by the historically disadvantaged is the foundation on which subsequent results will be erected.</p>  |
| 6.2: | <p><b>Previously-ineligible households, developers, builders, and municipal service providers obtain access to credit for shelter and urban services.</b></p> <p>Access to credit from the private financial sector remains an impediment to those constructing shelter and providing urban services for the historically disadvantaged population.</p>   |
| 6.3: | <p><b>Increased non-credit forms of assistance made available by participating institutions to historically disadvantaged South Africans for obtaining access to shelter and urban services.</b></p> <p>For the majority of the disadvantaged population who currently have no prospect of obtaining credit from the formal financial sector, non-credit forms of assistance are the only means of increasing their access to shelter and urban services.</p> |