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FY 2009 FOREIGN ASSISTANCE GOALS

While South Africa remains an economic power in the region and the only G20 member on the continent, serious challenges remain in its transformation from a developing country to a donor partner. Although the gross domestic product of Gauteng Province alone equals the whole non-oil economy of sub-Saharan Africa, unemployment nationwide hovers above 25 percent, 43 percent of South Africans live in poverty, violent crime continues apace, and higher education graduation rates are declining. The country's HIV/AIDS epidemic compounds these problems, as more than 5.7 million South Africans are infected. HIV/AIDS takes its toll not only by cutting lives short; it also drains the country's workforce, places a huge burden on the public health system, and diverts large sums of public resources. Tuberculosis (TB) adds to the agony of the epidemic, killing more HIV-infected South Africans than any other disease and further straining the health system. Unless confronted, these economic and social issues will impair South Africa's undeniable potential.

To meet these challenges, the United States Government (USG), in partnership with the South African Government (SAG), is addressing economic, health, education, and crime issues jointly. The USG foreign assistance goals focus on four objectives: peace and security, governing justly and democratically, investing in people, and economic growth. In peace and security, the United States will augment South African military capacity to respond to regional conflict and bolster the SAG's ability to stop terrorism financing. Through a trilateral assistance program, the USG and SAG have collaborated to support regional governments, enabling them to consolidate peace and build internal capacities in a variety of technical areas. The trilateral activities help South Africa build its capacity to act as a full-fledged donor in the region and are essential building blocks for sustaining U.S. assistance's legacy long after funding ceases.

USG governance programs target justice sector support and improved case management, as well as women's rights and access to justice. Despite its strong legal and policy framework protecting women's and children's rights, South Africa has one of the highest rates of sexual violence in the world. Assistance under the Women's Justice and Empowerment Initiative (WJEI) focuses on the capacity of the justice sector to deal with these cases and assist the victims through support centers. Municipal management training focuses on the critical issue of service delivery (a source of

tremendous tension in South Africa leading to violent demonstrations), procurement regulation compliance, and performance management in local government.

While the Presidential Emergency Plan for AIDS Relief (PEPFAR) continues to provide prevention, treatment, and care services to South Africa, other health funds aim to help combat the country's continued struggle against TB. Furthermore, USG assistance provides a holistic approach to the country's health issues – leveraging family planning, TB, and HIV/AIDS programs in a mutually reinforcing strategic approach.

USG economic growth assistance continued to focus on areas where it can exert the greatest influence in sharing the benefits of the country's prosperity with more South Africans: small and medium-sized enterprise (SME) development (including financial sector activities beneficial to SMEs) and workforce development. By working with SMEs, USG assistance supported the development of the economic sectors most likely to expand job opportunities to South Africans. Activities helped black-owned SMEs to develop mechanisms and strategies to ensure they remain viable during the financial crisis and work with financial institutions to enhance their ability to service the SMEs. USG-supported workforce development programs will match training with market demand and help historically disadvantaged South Africans gain the skills they need to participate in the global economy.

HIGHLIGHTS BY PROGRAM OBJECTIVE

Peace and Security

In the area of Peace and Security, crime and the ability of the police to respond to and deal with the outbreak remains a critical focus in South Africa. USG programs provided training to the South Africa Police Service (SAPS) on counterterrorism activities. The South African National Defense Force (SANDF) received capacity-building training to enable better peacekeeping performance in the region. The USG and the SAG partnered to resolve conflicts and deepen democracy in the region. In preparation for the 2010 World Cup soccer tournament that South Africa hosted, the USG provided support to SAPS and other entities to improve their crime prevention and antiterrorism planning skills.

To support peaceful transitions in countries emerging from conflict and build internal capacity among governments across the continent, the U.S. Agency for International Development (USAID)'s trilateral program assisted the SAG in third-party development assistance efforts. The program solicited input from several countries, and will begin providing a variety of technical support in FY 2010. It will also provide a means for the SAG to enhance its own capacity to deliver foreign assistance as a future regional donor.

In FY 2009, USG assistance produced the following results:

- Fourteen mid-level students of the SANDF forces were trained in courses on regional security and counterterrorism by the USG.
- Twelve coordinating events between U.S. Military and SANDF forces were held to assist with preparations for security in the upcoming World Cup in 2010.
- Eight country proposals were reviewed and approved for trilateral assistance from the SAG to the region covering activities such as agriculture in Malawi and civil servant training in Sudan.

Governing Justly and Democratically

U.S. assistance is split between two program areas: strengthening the justice sector and increasing access to justice for vulnerable groups, and improving municipal management and anticorruption strategies. The USG trained justice personnel and sponsored professional development workshops for magistrates in four provinces. It also funded a U.S. study tour to expose South Africa judicial officers to best practices in case-flow management, and mobilize support for judicial reform.

A significant proportion of USG governance assistance is focused specifically on addressing the critical problem of sexual and gender-based violence in South Africa. WJEI aims to strengthen the capacity of the SAG to support victims of rape, and to prosecute sexual offense cases more efficiently and effectively. WJEI has two components implemented by USAID and the U.S. Department of Justice: training and technical assistance to build the capacity of law enforcement and the judiciary to investigate, prosecute, and adjudicate sexual violence cases; and increasing access to justice and integrated support services (medical care, HIV/AIDS counseling, prophylaxis, legal advice, police support, etc.) for rape and sexual assault survivors through the roll-out of 23 new, “one-stop” *Thuthuzela* care centers (TCCs) in public hospitals.

In FY 2009, the USG continued to support the SAG’s National Public Service Anticorruption Strategy and the Local Government Anticorruption Strategy. Under the Local Government Support Program, municipal management was enhanced in the areas of supply chain management, performance management, local economic development, and project and program management. The USG also assisted local governments by increasing their capacity to deliver services through training focused on procurement regulations and by monitoring anticorruption policies and procedures used in municipal operations.

Results achieved in FY 2009 were:

- USAID supported the training of 656 justice sector personnel in computer research and case flow management.
- USAID assisted 2,513 victims and their families to access justice and health care services through the seven newly established TCCs.
- WJEI identified 23 sites for TCCs, and recruited staff for eight sites to begin their operations. They plan to add additional sites in 2010 and become operational in the current sites.
- Anticorruption measures, including community orientation sessions on municipal procedures for hiring, housing, and procurement policies and procedures, and risk assessments were conducted in 15 communities.
- Sixty-three municipal officials were trained in procurement regulations compliance procedures, which brings the total number trained during the project to 1,496.

Investing in People

The USG and SAG continued to focus on crucial health care service delivery issues, as well as mitigating the effects of HIV/AIDS and TB on the population. To leverage the interventions supported under PEPFAR focused on HIV/AIDS, USAID targeted TB prevention and care capacity-building, and continued family planning training to strengthen health service providers.

Finally, USG and SAG activities extended the reach of clean water and sanitation services to almost 3 million people in South Africa.

In FY 2009, USAID:

- Supported TB programs in 14 districts, trained over 3,177 health service providers servicing a catchment area of approximately 111,000 people in directly observed treatment-short course procedures, and introduced a TB screening tool developed for use at HIV testing centers.
- Continued to strengthen SAG capacity to implement courses for early detection of multi-drug resistant TB, and to solve other TB service delivery problems.
- Improved family planning and service delivery by training youth mentors and service providers on family planning and reproductive health technical skills and providing family planning and reproductive health counseling in eight districts across five provinces.
- In partnership with the Department of Health, continued to implement PEPFAR initiatives to provide prevention, treatment, and care services to South Africans. In the first half of FY 2009, PEPFAR provided treatment for over 726,000 people, supported counseling and testing for more than 1,600,000 people, including 500,000 pregnant women, and served almost 300,000 orphans and vulnerable children.
- In partnership with SAG, supplied clean water to more than 49 communities in five provinces and improved sanitation for more than 3 million people in under-served communities.
- Developed youth-oriented services to mitigate the high rate of adolescent pregnancy, and high HIV and sexually transmitted infection prevalence rates.

The USG has continued to support education programs, as the SAG has been unable to provide access to quality education for all citizens and consistency of teaching standards. In FY 2009, USG resources supported Department of Education (DOE) initiatives designed to improve education and address equity issues through programs targeted at the poorest school districts. Recently enacted SAG policy has emphasized mother-tongue instruction, and international evidence indicates that initial mother-tongue instruction promotes better learner performance in a second language.

Several results were achieved in FY 2009:

- With USG support, the DOE piloted the Systematic Method for Reading Success, a reading methodology, in 30 treatment schools and 15 control schools across three provinces.
- The USG also supported the DOE-sponsored school finance and governance survey that covered a range of critical priorities, including how HIV/AIDS is impacting the education sector, compliance with the Public Finance Management Act, school governance procedures, teacher workload, and benchmarking South African education in terms of access to the three schooling levels (primary, secondary, and higher).

Economic Growth

As the regional economic powerhouse, South Africa continues to demonstrate resilience even in the face of the recent financial crisis. Both USAID and the SAG embrace an economic growth strategy

that relies on increased black economic empowerment to achieve equity and enhanced competitiveness of black SMEs. In support of this strategy, trade capacity-building activities focus on regulatory, financial, and business support requirements for black-owned SMEs to increase regional and international trade. The South African International Business Linkages (SAIBL) program provides technical assistance and training for business development and financial trade, and market access services to black-owned SMEs in the manufacturing, services, and agribusiness sectors. As a subset of this program, support offered to historically disadvantaged farmers and agribusinesses allowed them to benefit from increased access to USG-supported finance and training mechanisms over the past year. The USG provided assistance to the SAG for corporate law reform, policy implementation, and regulation to enable SMEs to compete more effectively for domestic, regional, and international markets. USG support also helped loan institutions mitigate market risk, enabling them to provide improved and additional services to SMEs for a variety of financial products. The SAIBL II program, which began in FY 2009, will continue to support the over 314 companies now registered with the project.

USG programs achieved significant results in FY 2009:

- The SAIBL II program assisted \$52 million in sales, \$40 million of which emanated from woman-owned enterprises. Export sales accounted for \$15.5 million of the total. By 2011, the SAIBL II program will have generated over \$618 million in sales and assisted 1,000 firms.
- USAID supported the drafting and consultation process related to the new Companies Act and Regulations, which will have a positive impact on the business environment, including black-owned small enterprises.
- USG has been instrumental in assuring that the new Companies Act and Regulations are scalable and minimize the cost and administrative burden of registering SMEs.
- USG assistance was instrumental in enabling the National Treasury to make approximately \$40 million available to 19 host cities of the 2010 FIFA World Cup to prepare and implement public lighting projects in 2009-10.
- Nine new letters of intent with financial institutions were signed to mitigate market credit risk leading to increased SME access to a range of quality, affordable financial services.
- In an effort to help streamline the loan procedures of a financial institution servicing the SME community, USAID funded a comprehensive review of their loan process that resulted in an improved loan approval time from 146 to 90 days, and increased their loan portfolio by 20 SME loans totaling \$1,714,638.

Although the economy of South Africa is the envy of the region, income distribution is considered one of the most unequal in the world. Without a concerted effort by the SAG to improve the education of the next generation of South Africans during the next five years, there is real risk of continued high unemployment and political and social destabilization in the country and within the region. USG programs provided support to colleges to establish vocational education curriculums and expand workforce-skills training better to match business community needs with student education.

In FY 2009, workforce development results were achieved:

- The USG Workforce Skills Development program trained 578 businesspeople, students, and government officials, addressing the shortage of skills needed to match private sector needs and sustain economic growth.
- Over a three-year period, the workforce development activity will focus technical assistance and training efforts on assisting colleges in providing a wide range of support and referral services to students, build capacity of colleges to collaborate with other advanced education and training programs, provide staff development for instructors allowing them to link classroom experiences with practical employer-based learning experience, and support youth in becoming further engaged in HIV/AIDS prevention and treatment.

The SAG has begun to focus attention on their future energy needs and the use of more renewable resources. As a result, USG assistance has supported national energy associations and SAG counterparts to evaluate possible energy strategies. In 2009, USG provided the following assistance:

- Through an partnership with Ecoserv (a South African environmental training firm), the USG established a joint air quality monitoring training initiative originally developed by the U.S. Environmental Protection Agency and trained 60 participants.
- The USG provided technical support to the Kwa-Zulu Natal Department of Housing's Product Development Unit, which is researching means of integrating alternative energy technologies into subsidized housing.
- The USG launched the new Working for Energy initiative, which is based on policy and institutional frameworks developed with USG assistance. Its focus is on job creation through public works activities that focus on energy efficiency and renewable energy.