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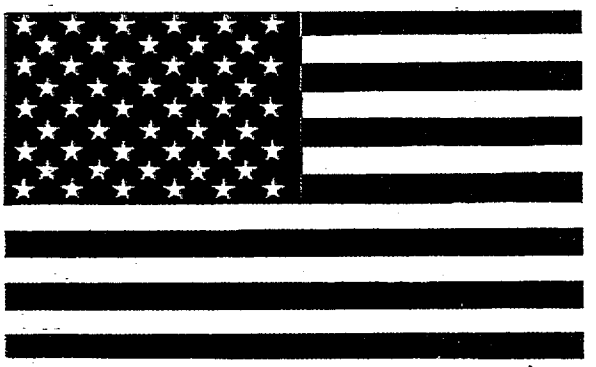
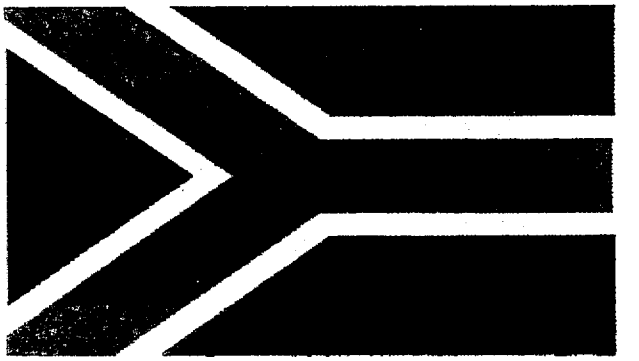
PROGRAM EVALUATION
USAID/SOUTH AFRICA

FINAL REPORT





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Submitted by:

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April 21, 1995

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PROGRAM EVALUATION USAID/SOUTH AFRICA

FINAL REPORT

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The Program Evaluation team of Americans and South Africans is grateful for the opportunity to employ our professional talents and skills to help document and analyze, and, thus, in a small measure, participate in this extraordinary chapter in modern history. We hope that this report is worthy of the serious trust and responsibility given to us, and that it may contribute to the continued development of a healthy and democratic South Africa.

EXECUTIVE SUMMARY

Since early in the twentieth century, the United States has had an ambivalent relationship with the South African Government as a result of South Africa's policy of extreme racial segregation. Following World War II, this racial segregation was expanded, codified, and imposed with increasing severity, and in this more virulent form it became known as "apartheid." Meanwhile, the United States was gradually shedding its own racial segregationist practices and attempting to live up to its democratic credo. It found that an easy official relationship with the South African Government became increasingly difficult.

In 1986, the U.S. Congress, expressing the will of the American people, enacted legislation, the Comprehensive Anti-Apartheid Act (CAAA), whose purpose was to assist in the ending of apartheid and the empowerment of the hitherto disadvantaged community within South Africa. This legislation covered the period 1986 to 1993, at which time it was succeeded by new legislation more suitable to the evolving political situation within South Africa. This evaluation report constitutes an effort to analyze the effectiveness of the U.S. Agency for International Development/South Africa (USAID/SA) program under the CAAA and to assess the program's impact on the ending of apartheid and the empowerment of apartheid's victims. Because the USAID program in South Africa was quite different from other USAID programs, this report also attempts to identify the lessons which this unique experience has provided and to assess the program's replicability and its usefulness as a possible model for USAID programs elsewhere.

A variety of techniques were employed to carry out this evaluation. Interviews with relevant persons, case studies of USAID-funded projects, a survey questionnaire, focus groups, group discussions, financial analysis, and review of relevant documents and literature all played a role in helping to shape the conclusions which have been reached. A detailed description of the methodology will be found in Chapter 1. The documentation supporting the text and its conclusions is to be found in the appendices.

I. BACKGROUND TO THE CAAA

By the early 1980s, the American public was becoming acutely aware of apartheid—South Africa's policy of strict racial segregation. A new wave of protest launched by the black community within South Africa was being met with a display of such violence that the bloody, but unequal, struggle against apartheid had become a daily staple of American television fare. In 1984, America's black community provided a dramatic demonstration of its commitment to the anti-apartheid struggle by mounting an extended sit-in campaign at the South African Embassy in Washington, D.C. This campaign gradually won widespread support from the general population and attracted continuing publicity as prominent Congressmen, Senators, and other public figures joined the protests and were arrested in the process.

As a result, the American public's demands for the United States to end its ties to the South African Government became irresistible and led to Congress passing, over the veto of the

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President, the CAAA. This stunning repudiation of the international policy of a sitting (and popular) president precipitated a unique experiment in American foreign policy, one with a particular focus on the role which foreign assistance can play as a tool of foreign policy and of alternative ways to provide this assistance.

The CAAA was, in fact, an agonizing compromise between the more liberal faction within Congress, which felt that the United States' most effective method with which to fight apartheid was to levy total sanctions on South Africa, and a more conservative faction, which favored a policy of dialogue with, and economic assistance to, the apartheid government. As finally passed, the CAAA mandated a limited number of sanctions while simultaneously authorizing a substantial program of foreign assistance to the "disadvantaged victims of apartheid." The Act was explicit about its subversive intent ("to bring an end to apartheid and lead to the establishment of a nonracial, democratic form of government") and prohibited the U.S. Government from channeling any of its assistance through the South African Government, including through the public school system and institutions of higher education.

The CAAA called for a new type of aid program, one whose overt purpose was political (the empowerment of the "disadvantaged" population) rather than developmental. In and of itself, this made it a controversial undertaking, because traditional U.S. foreign assistance programs were, at least theoretically, instruments of economic development, not tools for subverting the host country's social and political system. The foreign assistance program mandated by the CAAA resulted in the fashioning of a U.S. aid program which had no previous counterpart in American history. The veto override afforded the Act the mantle of a genuine people's mandate, one which challenged the prerogatives of the executive branch and preempted its policy leadership role. In the field, the veto override meant that the Ambassador would preside over a country team, one of whose members, the USAID/SA Mission Director, might feel accountable more to the legislative than to the executive branch. It also meant that, precluded by law from dealing in any way with the South African Government, USAID/SA would be obliged to seek an alternative to the normal, government-to-government mechanisms for dispensing foreign assistance.

Another challenge was posed for USAID/SA by the Act's mandate: on the one hand, to help in the creation of a nonracial society, and on the other, to assist in overcoming the inequities which apartheid had inflicted upon the disadvantaged population. In simultaneously calling both for a color-blind society and for favorable treatment for the disadvantaged, Congress was inadvertently planting the seed for later conflict over one of today's most controversial issues—affirmative action—and how it should be pursued in a society which is afflicted with long-standing and deep-seated inequities but which is seeking to create a truly nonracial society.

The official establishment of the USAID/SA program, in 1986, marked the beginning of a new era in U.S. relations with South Africa. The United States had administered a modest aid program in South Africa since the late 1970s, primarily (but not entirely) in the form of scholarships for overseas university study, however, the U.S. was not widely admired by black South Africans during this period. Its policy of "constructive engagement," which sought to create a "regional climate conducive to compromise and accommodation," was perceived by the South African black community as a sellout to the South African Government. The United States

was viewed as being "soft" on apartheid, if not an apologist for it. U.S. policy in countries, such as Angola and Nicaragua, also alienated South Africa's blacks from the U.S. Government. As a result, the official American community enjoyed only limited communication with a skeptical and suspicious black South African community. In this climate, there was considerable reluctance to accept U.S. aid or even to be identified with U.S.-funded programs. Black students were hesitant to accept U.S. educational bursaries, which were characterized in some circles as a tactic to create division within South Africa's black community. An extremist view existed within the United Democratic Front (UDF), a coalition of anti-apartheid organizations, that USAID was a front for the Central Intelligence Agency (CIA). The passage of the CAAA did not dispel this belief, but instead led to suspicion in some quarters that the aid program was simply a device to undermine the sanctions movement being pursued by anti-apartheid activists in the United States.

II. PROGRAM IMPLEMENTATION

A. Chronological Survey

By 1986, United States' policy in South Africa, in Angola, and elsewhere, had seriously tarnished its image among black South Africans, so USAID/SA's first priority in implementing the CAAA was to build confidence toward the United States within South Africa's black community. After considerable nurturing by USAID/SA, of both national spokesmen and grassroots leaders within South Africa's black community, the Mission gradually succeeded in restoring sufficient confidence in America, within the black South African community, to launch an expanded aid program. Since USAID/SA was prohibited by the CAAA from dealing with any entity which had a link to the South African Government, USAID/SA focused its attention on non-governmental organizations (NGOs) and community-based organizations (CBOs) of various sorts. Unlike most African countries, South Africa harbored many such organizations (an estimated 50,000 by the early 1990s). They enjoyed varying degrees of sophistication and were designed to achieve myriad purposes. Many of them were completely black in their membership and management; others, mainly the large, better established ones, included white members and often had white leadership. These NGOs and CBOs ranged from locally-based church groups, burial societies, cultural groups, and women's income-generating cooperatives to labor federations, trade associations, and legal aid societies. Many of these organizations had limited resources and limited familiarity with organizational management and accountability systems. With the major black anti-apartheid organizations banned or in exile, however, these NGOs and CBOs were the sole remaining agents of change in the black community. It was to them that USAID turned for implementing its program.

Normally, in its overseas programs, USAID has minimal direct contact with the local community groups which it funds. It negotiates an agreement with the host country government to finance certain programs, and once these programs have been agreed on, the host government assumes at least the moral responsibility to see that grantees behave responsibly. To assist in this effort, private contractors, either host country or American, are normally engaged as umbrella-type

intermediaries to administer the projects which have been approved under the program. USAID/SA had few options of these types available to it, especially within the black community, which resulted in an aid distribution network that was more akin to a private foundation than to the traditional umbrella structure. USAID/SA maintained contact directly with each grant recipient rather than via a government ministry or a private contractor, creating a highly labor-intensive method of operation.

To facilitate this novel type of operation, USAID/Washington (USAID/W) granted USAID/SA considerable flexibility with regard to dealing with its grantees. The dynamics of the South African political scene demanded that the USAID Mission team have the freedom to move rapidly in response to a fast-changing environment and to concentrate on building relationships with and enhancing the capacity of grantees. In order to make community-based groups grant-worthy, members of the early USAID/SA team worked with many community leaders to develop management and administrative systems for their organizations. USAID/SA also funded accountants and other professional support services to build organizational capacity and to equip its grantees for the assumption of greater responsibility. During the period 1986-1988, the USAID/SA spending roughly doubled, from $13.8 million to $25 million.

In 1989, the nature of the program changed. In retrospect, it is clear that the Mission had entered a period of consolidation and expansion that ran roughly from 1988 to 1991. The program grew swiftly during this period, doubling in size from $25 million in 1988 to $50 million in 1991. As funding levels increased, there was an increased use of traditional USAID project design processes and of contracts and cooperative agreements with U.S. intermediaries. The umbrella structure began to emerge alongside the foundation structure, and the size and number of grants made to the better established, frequently white-led NGOs increased notably. Although the staff was under considerable pressure to identify enough community-based, black-led groups to absorb the funds, it ultimately could not do so. White-led NGOs thereafter gained share in the portfolio, as did U.S.-based contractors. Many of the Mission team members from these years feel that, overall, relationships with grantees suffered as the result of these changes. It is also noteworthy that after the first two program years, the percentage of funds awarded to U.S. organizations rose to an average of almost 40 percent of the total obligations over the eight-year period of this study.

This was a period of monumental change within South Africa. Throughout 1989, there were indications that the South African Government would take an entirely new approach to governance. The Government began to prepare explicitly for sharing power with the majority population in a transitional period designed to ease the way for majority rule. The combination of increased grassroots resistance, leading to the complete ungovernability of the black communities, and international pressure and isolation had finally brought about the beginnings of a new way of thinking. This wave of change culminated in the release of Nelson Mandela from prison in February 1990. During this period, the NGO/CBO community slowly began to shift its perspective from one of resistance to one of reconstruction and development. This proved to be a difficult transition, and many organizations fell by the wayside as they attempted to define a role in the context of a society governed by a legitimate government.

In 1992, the efforts to negotiate a new governmental structure for the country, accompanied by much turbulence and violence as various groups jockeyed for power, introduced a period of transition. In this third and final period under the CAAA, USAID/SA's mission began addressing longer-term economic and social problems, although political activities remained high. During this final period under the CAAA, USAID/SA's funding soared from $79 million in 1992 to $212 million in 1994. In 1993, total foreign government assistance to South Africa was estimated to be $350 million annually, with the European Union being the largest contributor, followed by the United States, Sweden, and Great Britain.

The year 1993 saw the passage of new South Africa-oriented legislation by the U.S. Congress: the South African Democratic Transition Support Act of 1993. This legislation effectively repealed much of the CAAA and replaced it by a program keyed to the newly evolving march toward democracy which was taking place in South Africa.

B. Sectoral Highlights of the Program

USAID/SA groups its projects into the categories of Social, Political, and Economic Development. This grouping facilitates discussion of them, but it must be kept in mind that these categories are somewhat artificial, or at least overlapping. The nature of the activities pursued under each rubric, however, can be gleaned from the paragraphs which follow.

1. Social Development

In principle, the social development area encompassed human development and health projects. The preponderance of the social development programming consisted of education-based projects, and except for an HIV/AIDS prevention project and some emergency relief work, there was little activity in the health area. Until 1994, the education sector was consistently the most generously funded of USAID/SA's program sectors. Through fiscal year 1994, it has absorbed more than $210 million of a $540 million total USAID program in South Africa. Most of the spending went for scholarships, both overseas and local (known as bursaries in South Africa). USAID also made significant investment in NGOs which were developing alternative education models and formulating policy for a future government to implement. In addition, USAID invested funds over the years for short-term training to enhance the capacity of the disadvantaged to govern, including specialization in local government, in diplomacy, and in education administration.

The scholarships and bursaries program is widely acknowledged as having had a major and continuing impact on South Africa, both in empowering blacks and in preparing them for assuming leadership roles in their country. Nearly 6,000 black South Africans received formal post-secondary training under this program, and by 1993 more than 2,000 of them were known to be working in middle- and senior-level positions where they made decisions pertaining to policies, programs, and budgets. In light of a projected shortage of 500,000 trained skilled workers by the year 2000, including managers and professional workers, these funds would seem to have been well spent.

Reform of educational policy and the development of alternative education models were two other vital thrusts of the Social Development effort. Under these rubrics, a number of projects were funded focusing on such issues as teacher training, school administration, curriculum development, provision of materials (reform of educational policy), adult literacy, early childhood development, and other aspects of both formal and informal education (alternative education).

Finally, a program that funded small grants (under $10,000) to such worthy community projects as youth centers, advice centers, after-school and daycare centers was maintained throughout the entire 1988-1994 period.

The social development sector program, especially the scholarships and bursaries program, was, and perhaps remains, the most effective of the USAID/SA programs. Its benefits are tangible, and its graduates fill jobs which they could not have obtained without the USAID-funded training. Its achievements are measurable, although its full impact may be somewhat more ambiguous. Just as substantial, but less easily measured, are USAID/SA's achievements in supporting education policy formulation, in helping to demonstrate the viability of nonracial education, in strengthening professional educational associations, and in fostering innovations for the reconstruction of education.

During the period defined by the CAAA, the bulk of social development resources went to tertiary education, scholarships for study in the U.S. and bursaries for study in South African institutions of higher education. There were, however, programs in other areas of education as well. Over 70 percent of the NGO leaders surveyed agreed that U.S.-funded educational programs have had a positive impact on black individuals and on South African institutions.

2. Political Development

USAID's programming in the political arena fell into two broad categories: the development of community organizations, and leadership and the advancement of human rights. Later, as the transition got under way, the development of political institutions and organizations, which contributed to a pluralistic and tolerant policy debate and which had the capacity to mitigate conflict, became a more explicit focus. Toward the end of the period covered by this review, USAID/SA provided significant support for the preparations for elections.

The political development program may be viewed as having two components: (1) civic society and community outreach and (2) human rights and democratic governance. The civic society and community outreach component was organized under a single, all-encompassing project entitled Community Outreach and Leadership Development (COLD), a project which has absorbed $100 million of the $540 million which USAID/SA has obligated since its establishment in 1984. The black NGOs funded under COLD include a very substantial number of the better known of South Africa's NGOs. In 1988, this large project provided support to community groups in the following six areas:

- Democratic processes
- Youth programs
- Women under apartheid
- Rural awareness
- Information sharing
- Leadership training

By 1993, however, the issues shaping this project had shifted dramatically, and USAID/SA's *Strategy Concept Paper* stated the revised strategy was to establish and strengthen black-led NGOs that support political empowerment and civic development. The Paper went on to say:

> ...that the South African NGO community is much more than simply a useful programming mechanism in the absence of a bilateral aid agreement; it also can help ensure accountability and honesty in whatever post-apartheid government emerges. In effect, it is the bedrock on which civil society is built. A strong network of indigenous NGOs, working outside of government, articulating diverse concerns and mobilizing individual communities, is thus an essential feature of our strategy and will continue to be a recipient of our funding.[1]

The COLD-funded NGOs did indeed deliver community development and organizational and technical assistance to scores of urban and rural community groups of countless types.

The human rights and democratic governance activities within the political development sector are defined as the principal vehicles through which the United States directly confronted both the human rights violations inherent in apartheid and those committed against persons seeking to change the apartheid system. The political development sector was earmarked by Congress in four legislatively mandated areas:

- Small human rights grants—Until 1987, provided funding to community groups engaged in mitigating the effects of apartheid. After 1987, the Mission sharpened its focus on protecting and enlarging civil rights and, specifically, on resisting the enforcement of apartheid laws. The legislation mandated a project funding ceiling of $10,000 for each project.

- Legal assistance—Provided grants for the legal defense of political detainees and prisoners and assistance to their families and to groups nonviolently resisting the implementation of apartheid policies such as forced removals. The grant ceiling was $100,000.

- Victims of violence—Provided humanitarian assistance to victims of violence and their families.

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[1] U.S. Agency for International Development, *USAID/SA Strategy Concept Paper* (Pretoria: March 1993), 40-41.

- Democratic alternatives—Provided funding "for black groups which are actively working toward a multi-racial solution to the sharing of political power . . . through non-violent, constructive means."

In 1993, the legislation's specific earmarks for human rights programming were repealed and the program became more focused on helping to ensure that fundamental civic and political rights are assured under a rule of law which is respected by and accessible to all South Africans. Most of the work now fell under the classification of legal support, and emphasized preventing human rights abuses, expanding awareness about legal rights, and training community-based paralegals. There was also additional focus on expanding the number and skill of black lawyers.

In 1994, with much of the CAAA repealed, human rights activities were placed in the COLD portfolio, although they continued to focus on the priorities set forth above. Most interviewees from South African human rights organizations felt that, along with education, USAID/SA's greatest program success was in the area of human rights.

Other programming within the human rights category included the Voter Education Project, designed to help prepare the populace for engaging in the electoral process, and the Transition to Democracy Project, funded by a $10 million supplemental appropriation from the Congress. This project supported the development of the infrastructure of the nascent black political parties which would be contesting the election (mainly the African National Congress and the Inkatha Freedom Party).

Beginning in 1992, USAID funded a number of voter education projects through major U.S. and South African contractors. Through these major contractors, a number of smaller grants were made to local groups of various sorts. USAID's voter education programs were applauded by interviewees for the broad based nature of the activities covered, although there was considerable dissatisfaction with the tardiness with which the funds were forthcoming.

Some of these projects were highly creative, such as the Mamelodi Theatre Organization (MATO) which utilized a $42,000 grant from USAID to conduct a series of voter and democracy education programs, using theatre and dance, in rural areas of the Transvaal. Facing audiences which were totally ignorant of voting procedures and, perhaps, even of the concept of political parties and contested elections by secret balloting, MATO wrote a 40-minute play designed to portray these concepts and performed it before 20,000 people during the months immediately preceding the April 1994 presidential elections. Workshops were also conducted to explain more explicitly how the electoral process worked and what it meant.

Another example of the Mission's voter education program was the activity of the National Literacy Cooperation (NLC) group, an umbrella organization representing more than 50 literacy and adult education providers across South Africa. Voter education task forces were established in each of the NLC's ten regions and given the responsibility to train voter educators and conduct voter education workshops in their local areas. These programs reached more than 120,000 adults in the target population, a number far exceeding the 31,900 "learners" and "tutors" called for in the grant agreement. In addition, under USAID support, NLC member organizations

created and produced voter education materials including lesson plans, a four-page, bi-monthly newsletter, a *Voter Education Manual* and four *Voter Education Comics*, all of which were distributed free of charge. The basis for this activity had been laid years before when USAID had given NLC a capacity-building grant to enable NLC to strengthen its literacy program. Long-term capacity-building for worthy black NGOs and adult literacy training are crucial inputs toward enabling the black population to play a meaningful role in a democratic South Africa.

In the category of political development there is widespread agreement that USAID facilitated political change and empowerment of persons legally disadvantaged by apartheid. Seventy-five percent of survey respondents agreed that USAID made a considerable contribution to black political empowerment through programs such as human rights and legal aid, civic assistance, and community and democratic development. Fewer than two percent believed that USAID had not contributed to black empowerment and the remainder were uncertain. The successful elections of 1994 are a clear demonstration of the results of the political empowerment effort.

The issue of empowerment remains, however, at the very heart of South Africa's current, post-apartheid reconstruction and development process, and the rate and degree to which disadvantaged populations become empowered may, to a significant extent, determine the viability of this still-fledgling democracy. The demise of apartheid and the resultant political empowerment of the majority through democratic rule does not automatically herald the cessation of white domination nor ensure the social and economic empowerment of the still-disadvantaged majority. Ongoing support for activities which facilitate popular empowerment in the social and economic sectors is therefore essential for national development and should remain a key component of Mission initiatives.

3. Economic Development

The Mission's activities within the economic development sector were launched much later than those in the social and political development sectors and the funding for this sector has been substantially lower. The sector consists of two elements: (1) a Black Private Enterprises Development (BPED) program and (2) a Housing, Shelter and Urban Development program. The Black Private Enterprise Development program is, itself, two-pronged, encompassing both the umbrella BPED program and a Labor Union Training program.

The BPED was initially funded in 1987. Over the years, it has funded a number of projects and organizations whose goals are to support black business entrepreneurs in various ways, including providing credit, teaching management and accounting skills, and supporting associations of black business people.

The labor union training activities within the economic development sector consisted primarily of a single umbrella project, the African American Labor Center (AALC), under the direction of the American labor organization, the AFL/CIO. The AALC focused on coordinating activities between American and South African unions, mostly in the form of training and technical assistance provided in such areas as union management, organizing, and fund raising; collective

bargaining; and occupational health and safety. Political sensitivities and ideological conflict prevented this project from being as successful as it might have been, largely because the AALC failed to establish a basic relationship with those labor groups which were destined to become dominant within the country. However, the AALC project provided training to vast numbers of black unionists and helped them to build effective organizations of workers.

The Housing, Shelter and Urban Development component within the economic development sector received funding beginning only in 1992. Its record of achievement is not yet clear.

In the category of economic development, the results of Mission activities have been difficult to assess. Whereas the value of the USAID-provided training and technical assistance to organized labor is widely applauded, less appreciation is expressed for the efforts in housing and in black business development. The housing program was instituted long after the other programs, so it is perhaps too early to make even a preliminary evaluation of its impact, although some 25,000 persons have been able to purchase homes due to USAID support to credit programs and the removal of legal barriers to ownership. With the $75 million Housing Investment Guarantee (HIG) project of housing guarantees coming on line in 1994, the housing area is poised for significant development. In 1994, the Mission obligated three million for loan guarantees for small businesses which may stimulate an increase in development in this area. But it is the efforts to strengthen the black business sector which have been most criticized as ill-conceived or poorly implemented. There is little of consequence to show for the investment made in this sector, although there have been a number of successful initiatives, such as the Get Ahead Foundation and the Independent Business Enrichment Centre (IBEC).

III. PROGRAM EFFECTIVENESS

There are limited means for measuring the effectiveness of a program such as that of USAID/SA; it is however, possible to assess the perceptions of persons knowledgeable about various aspects of the program and draw conclusions from them. The sources which the evaluation team turned to in order to make this assessment were interviews with more than 140 persons who had first-hand knowledge of some aspect of the CAAA program; a mailed survey/questionnaire to all 524 current and former USAID/SA grantees, which yielded 164 usable replies; 14 case studies, or in-depth examinations of USAID/SA grantees; and group discussions and/or focus groups held in a half dozen major South African cities in order to provide the maximum opportunity to hear an exchange of views among the grantees themselves.

With respect to CAAA's first goal, the ending of apartheid, that goal clearly was achieved. While it is certainly correct to say that apartheid was ended through the struggle, the sacrifice, the dedication and ultimate goodwill of South Africans, most observers agree that external pressure was also critical to this process. The United States was an important contributor to external pressure and to promoting pressure from within the country's own anti-apartheid community. Virtually all interviewees agreed that USAID assistance was effectively directed to targets which could foster apartheid's decline. Among the NGO community surveyed, fully two-

thirds agreed that USAID assistance was a positive factor; most of the remainder of the respondents were unsure, with only seven percent disagreeing. Seventy-three percent of the NGOs believed that U.S. support to NGOs was "important in helping South Africans end apartheid," with only three percent disagreeing with this proposition. At least from the perspective of black South Africans who were the intended beneficiaries of USAID's program in South Africa, the Mission's activities did help to "hasten the demise of apartheid," the primary goal of the CAAA.

Somewhat more identifiable is USAID's contribution to achieving the second CAAA goal, empowerment, or helping the victims of apartheid to overcome the handicaps imposed upon them and become full participants in South African society. USAID/SA's contribution to building black leadership for South Africa in the post-apartheid period was significant. Interviewees had no difficulty naming persons who had benefitted directly from USAID/SA's support, through education and training programs and through technical assistance to NGOs. Throughout all levels of the new government and in the NGO community, USAID/SA support for leadership is tangible and widespread.

Seventy-seven percent of the NGOs responding to the evaluation survey agreed that the support provided by USAID/SA "was important in developing black leadership," with less than two percent disagreeing. They cite education, human rights, legal assistance, and the funding of NGOs during the most critical period in the movement against oppression, as important factors in the empowerment process. The development of skills, through which black South Africans could assume their rightful place in a democratic society, was the central thrust of the CAAA's mandate for assistance to the victims of apartheid. Through USAID/SA's education and training projects and through its funding of numerous black-led NGOs, disadvantaged South Africans were able acquire the knowledge, skills, certificates, and leadership and management experience that are critical for the current period of reconstruction and development and beyond. Here, too, USAID/SA's program appears to have made a positive and significant impact.

In many respects, USAID/SA's strategy for facilitating the end of apartheid and the creation of a nonracial and democratic South Africa is embodied in the term *empowerment*. In one sense, empowerment refers to the degree to which those peoples who have been oppressed by South Africa's history of white domination are able to exercise democratically an appropriate degree of power and control over the institutions affecting their lives. The struggle for South African liberation can thus be conceptualized as a struggle for empowerment, for a democratic, participatory, and equitable redistribution of societal power.

The evaluation survey questionnaire specifically addressed the issue of empowerment in three sectors: political, social, and economic. In response to the statement "USAID made a considerable contribution to black *political* empowerment through programs such as human rights and legal aid, civic assistance and community and democratic development," a remarkable 74.9 percent of respondents expressed agreement, with only two percent disagreeing. Eighty percent agreed that the Mission "made considerable contribution to black *social* empowerment through programs aimed at education and training." Again, only two percent expressed disagreement. Finally, only 38.5 percent agreed that USAID/SA made a similar, "considerable contribution to

black *economic* empowerment through programs in areas such as housing and business development." While three percent disagreed, a majority (53 percent) expressed uncertainty in this area.

These are truly impressive findings. In the two sectoral areas where the Mission has historically focused the majority of its funding and attention, the social and the political, a large proportion of grantees acknowledge a "considerable contribution." In the economic sector, however, which has become of greater significance in recent years (including the $78 million in loan guarantees in 1994), grantees are not yet cognizant of the Mission's activities nor can they assess its contribution toward empowerment. Taken together, these findings point to a significant achievement in supporting those organizations in the field which have made a difference in facilitating empowerment. As such, they acknowledge USAID/SA's contribution to this process and thereby to the fulfillment of its mandate under the CAAA.

A. Program Administration

The implementation of the USAID/SA program was distinctive in a number of ways. In the early days, USAID/SA relied on direct grants to the community and limited its dependence on intermediary organizations to managing grantees. The Mission had the capacity to respond to crises; it worked collaboratively with grantees; it was risk-taking in nature. The program grew rapidly in size and complexity and gradually brought additional staff and U.S. contractors and PVOs into the picture.

Within the framework of the Agency for International Development and its administrative and reporting requirements, USAID/SA achieved important successes in managing its program. It demonstrated that it could deliver assistance to the community directly and cost-effectively. It also showed that it could focus on specific targets (black empowerment), and it proved that agency regulations need not inhibit creativity and responsiveness in programming.

According to the USAID/SA staff, the approach was extremely effective. Within projects having fairly broad mandates, such as the COLD project, USAID/SA was able to respond to needs as they arose at the community level. From the perspective of the grantee, while 60 percent found the Mission's administrative and management systems to be "reasonable and workable," 25 percent disagreed with this assessment. A similar pattern of opinion is found on the issue of the flexibility of the Mission's management and administrative systems. Whereas 45 percent found that they were flexible, 37.2 percent disagreed. However, on the question of the reasonableness of the Mission's reporting requirements, a far greater consensus emerged, with 79 percent viewing the requirements as reasonable and only 13 percent disagreeing. During interviews, grantees frequently reported that many of the administrative and reporting requirements had been helpful in building their organizations' management capacity, particularly in establishing viable financial accounting systems. Some grantees, however, did express concern that the administrative and reporting requirements were burdensome or duplicative and even that some reports had been misplaced in the Mission.

The USAID/SA program has been unusually labor-intensive, due to the volume of grants and the increasing size of the program. USAID/SA staff interviewees who have administered the program were concerned that "moving money" grew to override substantive programming considerations. While they are proud of their accomplishments, they worried that "under the pressure to spend," quality declined. Many NGOs were similarly critical of USAID/SA in their evaluations of how the program changed over the course of the eight-year period under review. The program's increasing size meant a deterioration of USAID/SA's relationship orientation. Many NGOs were extremely critical of the staff's inability to answer correspondence and to return phone calls, citing these as examples of the diminishing priority on responsiveness and supportiveness to the community. Some faulted staff for failing to read reports, saying that they were asked repeatedly for the same information.

The most serious and persistent grantee criticism of the Mission is that it did not fulfill their financial obligations in a timely fashion. This was particularly stressful for emerging and small programs that relied on USAID/SA for a major proportion of their total support. NGOs attribute some program failures to the lack of timely receipt of funds, and it has been suggested that the images of some NGO leaders were damaged by their inability to fulfill obligations they incurred, because of protracted delays by USAID/SA in making payments. Other grantees noted the wastefulness of having to incur the costs of "overdraft" funds to pay operating expenses while awaiting delayed USAID payments. While Mission staff recognize that these problems and concerns are legitimate, they also site grantee errors and delays in submitting vouchers as a major cause of these problems. Mission staff have indicated a willingness to discuss these issues with grantees to help decrease the problems in prompt payment.

B. Affirmative Action

With respect to affirmative action, an integral aspect of any program to empower South Africa's majority population, USAID/SA has taken its mandate quite seriously. Directed by the CAAA to develop and empower black leadership and provide assistance to the "victims of apartheid," while also assisting South Africa in its goal of creating a nonracial society, USAID/SA discovered that it had been given instructions which are ambivalent, if not, contradictory. The enormous social, economic, educational, and health gaps between South Africa's black and white populations must be closed if the blacks are to be empowered in any meaningful sense and a sound basis laid for a nonracial society. Any genuine effort to implement this mandate leads unavoidably to the giving of preference to black groups over white ones in the dispensing of aid, and USAID/SA has unashamedly pursued this policy. Not surprisingly, some American USAID/SA staff persons have accused the Mission's leadership of excessive zeal in carrying out the affirmative action mandate. This excessive zeal is, however, hard to find. The data shows that, despite USAID/SA's efforts at implementing an affirmative action program, it was only in 1994 that black-led organizations, for the first time, received total awards greater than white-led South African organizations, although white South Africans constitute only 12.8 percent of the nation's population. Only from an assumption of extraordinary, perpetual privilege and favoritism can USAID/SA's most recent obligation of funding to white-led organizations—at a level of two-and-one-half times greater than the representation of whites in the population—be

considered evidence of a bias against white-led groups. That this issue was raised at a time when huge economic and social deprivations still confront South Africa's historically disadvantaged populations, and while glaring inequities of power and access to opportunity still characterize South African life, attests to the profound difficulties to be faced in creating a truly level, nonracial environment. There is ample evidence that a broad consensus exists within the country that favors giving preference to the advancement and development of black leadership, although the objective of achieving a non-racial society is also a high priority within South Africa. As in the United States, the quarrels over affirmative action are likely to smoulder for some time.

This affirmative action conundrum is further complicated by another congressional mandate, the Gray Amendment, which requires that adequately qualified American minority groups be enabled to participate to a reasonable degree in U.S. government development projects. In recent months there has been criticism, principally from Americans, of the extent to which USAID's adherence to the Gray Amendment is exclusionary of white American's involvement in the South African Program.

From the outset, South African NGOs resisted the insertion of U.S. intermediaries into the grant-making process. They became used to USAID/SA's foundation-like operating style and appreciated the direct dialogue with their American counterparts. In addition, the years of isolation have exacerbated the South African suspicion of foreign "development experts," and South African confidence is high regarding the availability of all necessary technical expertise within the country. Therefore, to the extent that the identity of U.S. intermediaries has been predetermined by processes that seem to be a function of U.S. domestic concerns, some resentment may have been generated.

The data do not, however, support the contention of a few vocal critics that USAID/SA has been overly zealous in its application of affirmative action with regard to U.S. minorities. In fact, of the $176 million that has been channeled through U.S. intermediaries, only $35 million, or 20 percent, has gone to Gray Amendment entities, and only a half dozen of the Gray Amendment entities are specifically African-American, hardly evidence of overwhelming favoritism. If one examines the USAID/SA procurement data from 1990 to 1994 (see Figure 5), the percentage of the total annual funding awarded to U.S. (as distinct from South African) entities varied from a high of 56 percent in 1991 to a low of 33.8 percent the following year. The percentage of these funds which were allocated to African-American-led organizations varied from a high of 18.4 percent in 1993 to a low of .026 percent in 1991. During 1992 to 1994, when it has been alleged by some critics that the Mission was exercising improper bias toward African-American entities, their actual share of the total award to U.S. organizations was 18.0 percent, 18.4 percent, and 14.9 percent, respectively. While these data are silent on the question of whether Mission leadership attempted to unduly encourage or pressure staff to make awards to African-American entities, they clearly cannot support the contention of program bias.

IV. NEGOTIATING THE TRANSITIONAL PERIOD

The truly significant change in the South African political context, together with the rapid increases in USAID/SA's annual budget, have generated a corresponding process of appropriate programmatic and operational change within the Mission. This shift—from a primarily empowerment to a developmental context—also coincides with the establishment of the democratically elected Government of National Unity and the resultant potential for shifting some Mission support from the private to the public sector to launch bilateral development initiatives. This current post-CAAA period of transition also occurs at a time when U.S. political realities stress fiscal constraint and government downsizing and nonactivism.

While the balance is clearly shifting from an empowerment to a developmental context, the transitional period in which USAID/SA is now engaged calls for a mixture of program areas and operational styles. Yet the dual, and at times seemingly contradictory, demands of the two contexts tend to generate a predictable set of dilemmas or pitfalls. The challenge of the transitional period is to combine the strengths derived from the improvement of administrative operations (planning, reporting, and evaluation functions) and the deployment of technical resources with elements of the initiative, activism, creativity, and risk-taking characteristic of the Mission's culture during its earliest, most politically focused days.

In a sense, what is required is the adoption of an organization-wide "cultural diversity," one which recognizes and supports the direction in which the Mission is heading, but which also appreciates the accomplishments and operational style of the earlier period (not as a distortion of proper structure and procedures, but as an appropriate response to the empowerment context in which it existed). Certainly, elements of that organizational culture and style must remain with the Mission throughout and beyond the period of transition in South Africa.

But USAID/SA is, of course, not an independent entity. As a component of USAID's overall program, it must adhere to a set of standards and procedures which govern the conduct and operations of all such Missions worldwide. Under the protective authority of the CAAA, and partially sheltered by its sanctions (which limited American access to South Africa), the USAID/SA Mission was able to operate somewhat differently and to conduct the kind of quiet, often secretive outreach and consultation required at that time. Within a fairly centrally controlled system, USAID/SA became something of an "outlier," a decentralized exception.

As the South African context has changed, and with its increased budget and higher public profile, USAID/SA now finds itself an object of intense interest and almost constant scrutiny from various sources who comprise the constituency of U.S. stakeholders interested in South Africa and who often want and expect to play some role in its development process. This constituency includes the press, USAID/W, regional USAID offices, congressional oversight committees and individual Members, the General Accounting Office, the White House, and a host of U.S. businesses, non-profit and advocacy organizations, labor, religious and civic bodies, universities, and others. With this enhanced visibility and the concomitant increased demand for documentation and accountability, normalizing pressures mount from outside, and within, the Mission to have it more closely conform to the traditional USAID Mission model.

To a significant extent, therefore, the ability of USAID/SA or any USAID Mission, to adopt and maintain structures and operational styles appropriate to an empowerment, as opposed to a traditional developmental context will be determined by the parameters of difference which the USAID system will allow. Perhaps the current public discomfort with "one size fits all" regulations will support and encourage consideration of more flexible, decentralized approaches to program operations and management. If this is so, then the experience of USAID/SA, as it evolves from the primarily empowerment to the developmental context, and as it experiences the period of transition, may prove instructive for the system as a whole.

V. LESSONS LEARNED/CONCLUSIONS

Any attempt to identify the lessons learned from the CAAA experience inevitably begs the question of the degree of uniqueness of the South African situation. Was the situation in South Africa so unique that it cannot be a guide for anywhere else? The answer is not clear. There are, to be sure, certain parallels which can be drawn between the South African situation and developments occurring elsewhere in the world. South Africa is only one of a host of nations undergoing extensive transformation of its style of government, and while no others of them has an apartheid-like heritage and structure to destroy and replace, there is widespread commonality in their moving from more statist to more democratic forms of government.

The CAAA implicitly required USAID/SA to design a new operational style in order to pursue its program in South Africa. Driven by two political objectives, the ending of apartheid and the empowerment of the victims of apartheid, and mandating a prohibition on any dealings with the South African Government, the CAAA insured that the USAID/SA program would be like no other USAID program, although no new operational guidelines were drawn up for it. Rather, the situation on the ground was allowed to shape the nature and operational style of the program. It is this flexibility, plus the availability of an excellent American and Foreign Service National (FSN) staff, which appears to have enabled the program to be so successful.

The South African experience has suggested that there are political, economic, and social characteristics which appear to be more congenial to a political-, or empowerment-driven type of aid program such as USAID/SA mounted in its early years, and other characteristics which are more congenial to an economic development-driven aid program. The South African experience helps us to identify these characteristics and to organize them into a matrix which can be a useful contribution to future aid program designs.

A clear message to be gleaned from this experience is that one must avoid evaluating a Mission's activities by inappropriate standards. The administrative approach suitable for an empowerment program may be woefully incorrect for a program keyed to sustainable development, and vice versa. The expectations which one has regarding the grantee must also be tailored to the political context within which one is operating.

The USAID Mission, too, can expect to find its style of operation also determined by the context in which it is operating, i.e., by whether its aid program is driven by the goal of political empowerment or of economic development. When the context permits a developmental emphasis, Mission staff serve as technical and management experts, participating in the design, implementation, and evaluation of complex developmental intervention. While some flexibility is, of course, retained, the Mission operates in a mode of openness, clear direction, accountability, and compliance with usual administrative procedures.

The early years of the USAID program in South Africa offered a situation in which the opposite qualities offered a more appropriate mode of operation. During that period, the Mission adopted an opportunistic stance, maintained close, ongoing consultations with its constituencies on the ground, and adapted its strategies and activities as the political situation changed. While planning and accountability were observed, the Mission's perspectives tended to be flexible and shorter term, its program goals concerned less with structural sustainability and technical output than with networking, helping to protect and sustain the often embattled anti-apartheid forces which were serving as agents of change rather than of incremental development. Under such circumstances, measurement of productivity and effectiveness emphasizes process; it tends to be qualitative and narrative. With a more traditional aid program, effectiveness is generally measured by product and tends to be quantitative, sometimes even tangible.

A host of other, more micro lessons were also learned from the South Africa experience. Within the arena of Mission personnel, it has been determined that the labor intensive, foundation-type of community outreach projects utilized in South Africa require more employees per project dollar than do the more traditional type of program. In the South Africa experience, turnover of U.S. staff assisted the Mission to maintain its program flexibility over time while the longevity of the foreign service national employees provided continuity and institutional memory for the project. It was also noted that the desired mix of staff skills varied as the focus of the program changed, with human relations skills being most appropriate in the political empowerment phase and greater technical proficiency needed in the developmental phase.

An important lesson learned from the South Africa experience arises from USAID's extensive interaction with the NGO/CBO sector. An expanded role for this sector is on the cutting edge of current thinking in the foreign assistance community. Some development specialists argue that there is a special niche for NGOs to fill when the host government is willing to allow them to do so. Of course, few developing countries enjoy so large and sophisticated a family of NGOs/CBOs, as does South Africa. So vital were they to the USAID/SA effort that it might be concluded that if a country is lacking in an NGO/CBO sector, USAID might well wish to consider helping to create one, almost as a prerequisite to providing heavy assistance of other types. It is a topic demanding further exploration and there is probably no better repository of relevant experience than the USAID/SA program.

Perhaps the principal lesson of USAID's experience in South Africa is that USAID can work effectively over a sustained period, within a dynamic context of extreme political, social, and economic struggle and change, if the Mission is afforded the autonomy, protection, latitude, and flexibility to pursue, responsively and creatively, programmatic objectives within a general

framework of policy and procedural guidance. The ability to work effectively in a rapidly changing, politically complex context, with numerous stakeholders—including governmental structures, political groupings, NGOs, and civic, labor, and community organizations—requires that the Mission remain in broad, dynamic consultation with diverse constituencies to whom it is able to respond quickly, flexibly, and equitably. Although administratively burdensome, this direct assistance to pluralistic constituencies strengthens civil society and enhances USAID's standing and influence within the country.

As before, USAID/SA must continue to address both significant new policy issues (e.g., its relative contribution to and support for its "traditional" constituency, South African NGOs, vis-a-vis the Government of National Unity's Reconstruction and Development Programme) and administrative concerns. In view of the size of the Mission staff relative to its technical and administrative responsibilities, the model of direct funding of numerous "obligations" to South African grantees has placed far too great a workload upon staff, and the model has begun to break down, requiring either a significant increase in personnel, the use of intermediary agents, or a decrease in the number of grantees. We expect that USAID/SA will continue to change appropriately in response to these new challenges.

CHAPTER 1.

APPROACH AND METHODOLOGY

I. INTRODUCTION

Though an ocean apart, and separated by circumstance of history and culture, the United States and South Africa remain connected through an extraordinary mutuality of interest and identity extending back more than a century.[1] Certainly, economic, geopolitical, and strategic considerations have played their part, but the strength of this attachment between the two countries, and between the two peoples, seems to go deeper.[2] For the many Americans whose knowledge of Africa extends no further than that depicted through the distorted lens of a "Tarzan" movie, South Africa has seemed more accessible, more knowable. And for generations many South Africans have looked to America as a kind of older sibling, a role model and perhaps a powerful, though imperfect, moral guide.

Yet, if both nations have been endowed with a richness of resources both, too, have suffered from the terrible consequences resulting from the exploitation of these resources: the horrific oppression of some for the enrichment of others. The mutual legacies of the slaughter of

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1 Frances Wilson, "The Challenges of Post-Apartheid Development: A Macro-Analysis." In *Stabilizing Democracy in South Africa: The Challenges of Post-Apartheid Development.* Conference Proceedings, Southern Africa Grantmakers' Affinity Group of the Council on Foundations (Washington, D.C.: Council on Foundations, Feb. 23, 1994), 16-21.

2 In commenting on the long-standing connections between the United States and South Africa, Assistant Secretary of State for Africa George Moose noted that in 1799 the United States sent one of its first diplomatic envoys to what was then the Cape Colony (George Moose, "The Clinton Administration Pledges Vigorous Support for South African Democracy." In *Stabilizing Democracy in South Africa: The Challenges of Post-Apartheid Development*, 1.) Religious, educational, and cultural ties between the African-American and black South African communities are of more than a century's duration and include a remarkable five-year tour of South Africa by Orpheus Myron Mcadoo's Virginia Jubilee Singers, beginning in 1890 (Gilroy, *The Black Atlantic: Modernity and Double Consciousness* [Cambridge: Harvard University Press, 1993], 199). This strong link is also evident in President Nelson Mandela's autobiography. As a student at Fort Hare College, Mr. Mandela notes the pivotal influence of Booker T. Washington's autobiography, *Up From Slavery*, on one of the college's foremost intellectuals and leaders, Z.K. Matthews (*Long Walk to Freedom: The Autobiography of Nelson Mandela* [Randburg, South Africa: Macdonald Purnell, 1994], 42). As a member of the college drama society, Mr. Mandela acted in a play about the life of U.S. President Abraham Lincoln, playing the role of John Wilkes Booth. He notes that when the actor playing the role of Mr. Lincoln recited the famous Gettysburg Address, the audience rose in standing ovation (Ibid., 44). The African-American struggle thus served as a source of inspiration and strength for black South Africans.

During the early 1950s, this sense of mutual identity between white Americans in the Truman administration and their South African counterparts in the National Party government of Daniel Malan generated dilemmas for some U.S. government officials who, while recoiling at the overt racism of the South African Government, still, according to historian Thomas Borstelmann, "...found themselves sharing a deep sense of cultural and racial identity with their counterparts in Pretoria." In his final report to the U.S. Department of State prior to leaving his post, Ambassador Waldemar J. Gallman (August 1951-August 1954) reflects this sentiment, noting the "common heritage and experience that have left an identical imprint on the character and outlook of both peoples." (Thomas Borstelmann, *Apartheid's Reluctant Uncle: the United States and Southern Africa in the Early Cold War* [New York: Oxford University Press, 1993], 199).

indigenous populations, of slavery and apartheid, must also connect America and South Africa, challenging each to find ways to move beyond these tainted histories to secure a better future. So, in many ways, Americans and South Africans recognize themselves in one another and, in particular, African-Americans and black South Africans understand a mutual history and ongoing struggle.[3]

This mutual interest and concern has deepened during the past two decades in the United States as Americans, barely beyond the basic human rights victories of their own civil rights movement of the 1960s, came to see in South Africa's system of legalized racial exploitation and separation, apartheid (literally, "apartness" in Afrikaans), a magnified reminder of the United States' own system of segregation and racism. As the world community joined in growing revulsion at the crimes of the South African state, an active multiracial anti-apartheid movement—spearheaded by African-American church and civil rights organizations, the labor movement, and student groups—took to the streets and the halls of Congress demanding that the United States play a more forceful role in opposing the apartheid policies of the South African Government. Central to this anti-apartheid organizing was a broad and popular call for economic and political sanctions against the South African regime, including divestment and termination of trade.

As will be described in the following chapter, this grassroots political process culminated in the passage by the U.S. Congress of the Comprehensive Anti-Apartheid Act (CAAA) of 1986, a law designed to hasten the demise of apartheid and assist South Africa's legally disadvantaged populations to assume their rightful place in their society. The CAAA was designed to place the United States in a stance of direct and active opposition to the Government of South Africa; to isolate politically and morally, and to damage economically the recalcitrant apartheid regime; and to help empower the disenfranchised South Africans. It became the mandated responsibility of

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[3] The term "black South Africans" as used throughout this document refers to those populations officially discriminated against and placed at legal disadvantage, on the basis of presumed race or ethnicity, through the South African Government's policy of apartheid and related practices. These populations were usually classified by the South African Government as Africans (who might also be designated by ethnic, or tribal, affiliations such as Zulu or Venda), Coloureds (those judged to be of mixed race), and Asians (usually people of Indian ancestry). South African anti-apartheid activists recognized, however, that these population categories, which formed the cornerstones of apartheid ideology and its "divide and rule" discourse, were primarily political (rather than biological, social, or anthropological) definitions. The use of "black" to include all social groups disadvantaged by apartheid, a position first advocated by the Black Consciousness Movement (BCM) in the late 1960s, thus represented an explicit repudiation of apartheid's conceptual underpinnings and an assertion of the unity of those whom the system oppressed (A.W. Marx, *Lessons of Struggle: South African Internal Opposition, 1960-1990*. [New York: Oxford University Press, 1992], 11.) The BCM also rejected designations such as "non-white" and "non-European," which negatively define black people through reference to what they are not, in favor of a positive affirmation of identity. (M. Motlhabi, *Challenge to Apartheid*. [Grand Rapids, MI: Eerdmans Publishing, 1988], 48.)

This text's use of the term "black South Africans" in its inclusive sense is consistent with USAID/South Africa's (USAID/SA's) practice and with that of much of the anti-apartheid movement within South Africa. However, the immediate post-apartheid period appears to have generated a rapid change in popular discourse, with a greatly increased use of the term "black" to refer solely to those of African ethnicity. This reflects, perhaps, the stubborn social and economic inequities which still largely correlate with apartheid population categories. It may have to await a far more level playing field before most South Africans can move from a stance of guarded "multiracialism," such as exists in the United States, to a position of true "nonracialism," as envisioned in the African National Congress Freedom Charter. Interestingly, a recent controversy arising from a former USAID/SA staff member's charges that Mission "affirmative action" policy in awarding grants and contracts was racially biased, primarily against whites, necessitated USAID/SA's disaggregation and reporting of its procurement data in terms of white-, black-, Asian-, and colored-controlled organizations. Whether the politics of the moment in the United States and South Africa will permit the Mission to retain its preferred inclusive use of "black" or require its unbundling into the old apartheid categories remains to be seen (the Mission's affirmative action stance is thoroughly considered in this evaluation; please see Chapter 3, Section III. B.5).

the United States Agency for International Development (USAID) to attempt to carry out in South Africa a program of assistance to the victims of apartheid and to those in opposition to the state.[4]

The CAAA set in motion a dynamic process of activity, formally establishing a distinct USAID presence within South Africa and launching a program of outreach and assistance to South Africa's beleaguered black communities. Over the years leading up to the formal dismantling of the apartheid system, the release of political prisoners, the unbanning of political parties, and finally, in April 1994, the conduct of South Africa's first democratic election and the creation of its Government of National Unity, USAID activities within South Africa expanded many times over in terms of budget and program complexity, making USAID a significant actor within the community of donors interacting with, and supporting, the democratic opposition to the apartheid state.

II. EVALUATION GOALS AND ORGANIZATION

This study is a program evaluation of USAID/South Africa's (USAID/SA's) implementation of the CAAA requirements, from the passage of the legislation in 1986 to the successful conduct of South Africa's first election with full franchise in late April 1994. The evaluation is structurally and conceptually organized to address three interrelated questions, or issues. The first is descriptive. It asks for an account of how USAID/SA went about the process of implementing the relevant mandates of the CAAA in its programs in South Africa, that is, how the rhetoric of legislation was transformed into action. This question is addressed in Chapter 3, which discusses the growth and evolution of the program, charts its phases, and describes its activities and operational style.

The second question is analytical. It asks for a general assessment of the impact of the eight years of program activity under study. Posed a bit differently, it seeks to describe in what ways, if any, USAID/SA's activities in *implementing* the CAAA actually may be seen to have made a difference in *achieving* the goals of the CAAA: the end of apartheid and the empowerment of South Africa's majority populations. Based on the data and on the input and perspectives of

[4] In January 1993, the United States Congress enacted the "South African Democratic Transition Support Act of 1993" (H.R. 3225, 103rd Cong. 1993.), effectively repealing the Comprehensive Anti-Apartheid Act (CAAA) of 1986. Noting that "South Africa has entered a new era which presents a historic opportunity for a transition to a peaceful, stable, and democratic future," (H.R. 3225, § 2, ¶ 1) the Act authorizes and encourages the President to provide assistance which will support" the transition from apartheid to nonracial democracy" (H.R. 3225, §2, ¶4). It states that this assistance will focus on enhancing the capacity of disadvantaged South Africans to take their "rightful place" in society and explicitly states that priority be given to working with those non-governmental organizations "whose leadership and staff represent the majority population and which have the support of the disadvantaged communities ..." (H.R. 3225, §5(a)(2)). The Act stresses the provision of support to education programs, electoral preparation projects, and disadvantaged business enterprises. It also mandates that in procuring goods and services, to the "maximum extent practicable," U.S. Government agencies conducting activities in South Africa "make affirmative efforts to assist business enterprises having more than 50 percent beneficial ownership by South African blacks or other nonwhite South Africans..."(H.R. 3225, § 6(e)(2)). The final section of the Act mandates that the President consult closely with representatives of South Africa's "majority population" and others "committed to abolishing the remnants of apartheid" (H.R.3225, §10).

numerous actors and stakeholders in this process, the evaluation offers an assessment of the effectiveness of the various components of the USAID program, judged in terms of the standards of the CAAA. This assessment is addressed in Chapter 3 and then considered in greater depth in Chapters 4 through 6. Finally, in Chapter 7, the evaluation addresses a third, more speculative area. Here, the evaluation seeks to derive broader implications, or lessons learned, from the experience of USAID/South Africa during this period and to consider ways in which this approach is transferable or generalizable to other USAID missions and contexts.

It may also be useful to note briefly what is not addressed in this evaluation. This is not an in-depth outcome evaluation of specific program sectors (such as economic or political development), or of specific projects or activities within these sectors, such as the U.S. Training for Disadvantaged South Africans project or the institutional development, service, and training activities launched under the rubric of the Black Private Enterprise Development project, or of the activities or outcomes of specific USAID/SA grantees. And, while the evaluation discusses aspects of Mission administration and finance, this is also not a financial review or a cost-benefit analysis. All of these may be valid and useful evaluative enterprises, but they are not within the scope of this effort.

The program evaluation conducted under this mandate may best be subsumed under the category of policy analysis. It seeks to describe the way in which a policy directive, the CAAA, was implemented or operationalized; what, if anything, resulted from that activity, judged in terms of the policy's legislative intent; and what broader lessons may be derived from this process.

III. GENERAL APPROACH, FRAMEWORK, AND METHODOLOGY

All evaluation studies, policy analyses, and assessment reports are, in some significant measure, dependent or conditional upon the conceptual framework and methodology employed to collect and analyze what is deemed to be relevant information. What questions are asked, by whom, and of whom; what methodologies are used to collect information; how data is measured and analyzed; what information is deemed relevant and is, therefore, included and what is left out—all have a significant bearing on the shape and outcome of the study. Whether explicitly acknowledged by the authors or not, the evaluation outcome is the product of the object, that which is being evaluated, and the means of knowing, measuring, and reporting that object, the approach and methodology. It is, therefore, incumbent upon those who conduct evaluative studies to describe their theoretical frameworks and conceptual approach, their methodology, and who they are, so that the reader can judge the adequacy, utility, limits, and biases of this account. The approach, framework, and methodology to this evaluation are discussed below.

A. Approach and Framework

The overall approach, framework, and methodological stance assumed in this policy study are generally subsumed under what is termed the "postmodernist" or "Fourth Generation"[5] approach to evaluation. Briefly stated, this approach takes as its point of departure the perspective that an adequate and useful answer to an evaluative question addressing a complex social or historical event or period, a question such as "Did USAID/SA achieve the CAAA goal of hastening the end of apartheid?", must take into account the perspectives and varying points of view of the relevant stakeholders or actors involved in the issue in question. Thus, in answering evaluation questions, it must always be noted from whose perspective the issue is being considered. Evaluators can no longer enjoy the luxury of assuming that there is a single "truth," but must contend with the reality that the various stakeholders view the same events from differing points of view and will, therefore, tend to understand events differently. Evaluators cannot assume, *a priori*, that one or another of these perspectives is "privileged," that it represents the actual, the best, or the single truth, but must construct a more complex account that takes into consideration the diverse perspectives.[6]

Therefore, our approach to this evaluation was explicitly to seek to capture information and opinions from the diverse viewpoints of the various relevant stakeholders and constituencies in the process, that is, to take into account *multiple perspectives*.[7] The evaluation study, therefore, sought to identify and tap the various perspectives of those knowledgeable of and/or involved in the issues at hand. Rather than being troubled by the possibility of a diversity of opinion, we expect it.[8] Analytical questions such as "Was USAID/SA successful in empowering grassroots, black community-based organizations?" were thus reformulated to include the perspective of the stakeholder: "According to whom was USAID/SA effective in fulfilling its grassroots empowerment objective?" "What were the diversity of opinions or perspectives on this issue?"

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5 E. Guba & Y. Lincoln, *Fourth Generation Evaluation.* (Newbury Park, CA: Sage Publications, 1989).

6 Regardless of one's epistemological stance on this issue, it is useful to keep in mind that in societies characterized by wide disparities of power and privilege, such as South Africa and the United States, the accounts of events which are taken as "reality" are typically those constructed by the more powerful, those whom political scientist James Scott described as "having the power to call a cabbage a rose and make it stick." (J.C. Scott, *Domination and the Arts of Resistance: hidden transcripts.* [New Haven: Yale University Press, 1990], 55.) Those who represent the less powerful position on dimensions including global geography (North\South, or what have sometimes been labeled "underdeveloped" or "overdeveloped" nations), race, ethnicity, religion, class, or sexual orientation often find that their experience, their perspectives, their accounts, become silenced and ignored. This relationship between power and knowledge, recognized since Foucauldt's writing in the 1960s, forms an underlying theoretical basis for claims of the need for expressions of diversity, claims which resonate quite clearly in current South African thought. (See, for example, J. Jansen, ed. *Knowledge and Power in South Africa.* [Braamfontein: Skotaville Publishers, 1980].)

7 Perhaps the only obvious constituency not consulted during this process is that of representatives of the former Government of South Africa. While their views on the activity of USAID/SA during the critical years 1986 to 1994 would certainly prove interesting, time constraints and political realities precluded such involvement. It will remain for future studies and historians to piece together the intriguing picture of how the National Party government viewed USAID and other donors and international actors in this process and to describe the various currents of opinion and policy within this constituency.

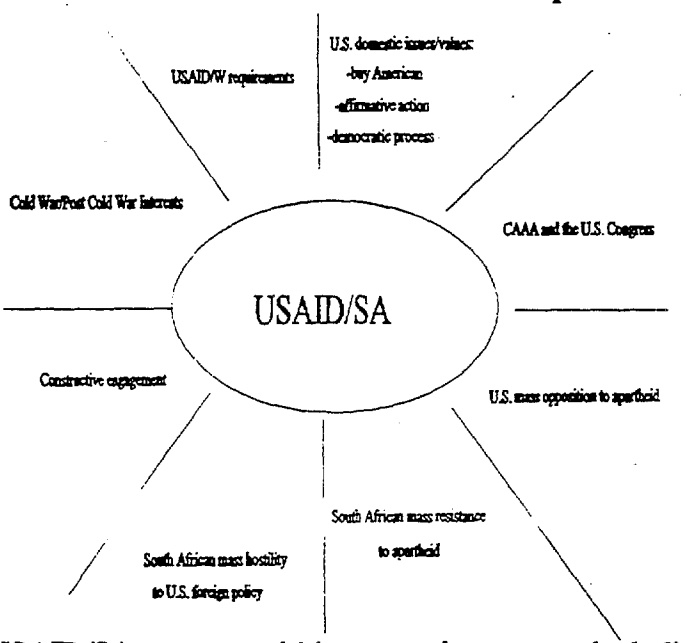
8 In earlier positivistic approaches to evaluation, this diversity was often assumed to be "artifact" or "error," to be discounted or eliminated. And, in this process, much of the nuance and reality of the situation was lost, particularly an understanding of the issue from the viewpoint of the less powerful. Thus, like it or not, the method of study, in and of itself, takes a *political* stance.

"On what dimensions do these differences exist?" "Is it possible, analytically and conceptually, to resolve these differences?"

The search to construct a fuller, more complete understanding of the issue by tapping divergent perspectives also led to the use of a *diverse methodology*. Recognizing that each means of acquiring or measuring data presents a particular way of knowing an issue or event and that each has strengths, sensitivities, weaknesses, and limits, we did not try to identify the single methodology that would give us the answer, but used differing methods to acquire a more nuanced and textured account.

Our approach to addressing the three questions, or issues, addressed by this study also recognized that the issues to be studied must be understood within a framework of factors, forces, and events in which they are embedded and have meaning. Thus, the evaluation sought a *contextualized* understanding of the issues.

Figure 1
Some Contexts of USAID/SA's Operations



As Figure 1 shows, USAID/SA operates within a complex context including historical, economic, political, and cultural factors, all of which give meaning and set limits and opportunities for action. A contextualized understanding of the issue attempts to situate the various actions and outcomes within a relevant historical, political, and social framework. This suggests that stasis or change in South Africa, or anywhere else for that matter, is *multidetermined,* that while we may attempt to tease out particular elements of interest analytically, causality is a product of many factors or forces working simultaneously and in concert. Since the process of change in South Africa may be seen to include factors that are internal (e.g., the "armed struggle" or states of emergency) and external (e.g., the role of Cuban forces in Angola), macro (e.g., the end of the Cold War) and micro (e.g., the formation of the United Democratic Front [UDF] or the Congress

of South African Trade Unions [COSATU]), political/economic (the CAAA sanctions or the "calling in" of loans), and historical (e.g., anticolonialism in Africa and the world), a simple unidimensional account of causality or of the relative contribution of a single factor, such as the actions of USAID, is problematic. An understanding of the issue must, therefore, remain rooted in an awareness of this multiple field of causality.

Finally, and perhaps most critically for our attempt to understand the broader implications of the USAID/SA experience from 1986 to 1994, the evaluation also seeks to maintain a recognition of the developmental flow of events over time. This temporal perspective enables us to study the change in USAID programming and approaches it in relationship to developing contexts of change within South Africa and elsewhere. Thus, the evaluation of USAID/SA is *historically grounded.*

B. Methodology

The conceptual approach described above guided the evaluation methodology, which was also influenced by the usual factors of time and resources. As noted earlier, it was assumed that no single method of information collection was, in itself, adequate to capture the diverse perspectives and dimensions of the issues we wished to address and so a stance of *multiple methodologies* was adopted. In order to tap and attempt to understand the potentially diverse viewpoints of relevant constituencies, we also assumed a posture of wide consultation, a position which was broadly *participatory*. Efforts were undertaken to ensure that expression of all viewpoints would be solicited, encouraged, and recognized. In addition to extensive individual interviews with representatives of various stakeholders, group discussions were conducted in seven sites across South Africa, with open invitations extended to all current and former USAID grantees and others to provide their input into the evaluation. Two focus groups were also conducted to help clarify and sharpen our understanding of a number of the issues and to resolve, where possible, differences of perspective and perception. Thus, evaluation was based on a combination of quantitative and qualitative analysis, a survey of USAID/SA grantees, case studies, group discussions, and focus groups.

The evaluation methodology is briefly summarized below:

- **Literature Review**—The evaluation team reviewed and referenced a total of 192 documents, including the CAAA legislation and the legislative history surrounding its passage, secondary literature on South Africa from both academic journals and the popular press, USAID strategy documents, project papers, correspondence, cables, memos, and other materials.

- **Financial Analysis**—A financial analysis was prepared for each year of USAID/SA program operation, based on data provided by the Mission.

- **Individual Interviews**—A total of 146 individual interviews, averaging approximately one to two hours each, were conducted by six interviewers. Individuals interviewed were from the U.S. Congress and Senate, USAID/SA (both South African and American staff), other USAID Missions in Africa, U.S. advocacy groups, U.S. non-governmental organizations (NGOs)/private voluntary organizations (PVOs), South African grantees (primarily NGOs), South African community groups (including community leaders), and other donors.

- **Survey**—A survey instrument was developed by the evaluation team. The survey was mailed to all 524 current and former USAID/SA grantees for whom addresses were available. A total of 164 grantees responded to the mailed questionnaire, a good return for this type of survey, where a 25 percent return rate is typical.

- **Case Studies**—Fourteen case studies were undertaken of USAID grantees throughout South Africa to obtain an in-depth understanding of the USAID process and outcome in a limited number of cases. Two of the case studies were added late in the process to reflect significant investment by USAID in voter education. Geographic location and the activities of the NGOs were taken into consideration in the selection process. The 14 case studies were selected (half by the Mission and the remainder by the evaluation team) to be broadly illustrative of the range and diversity of USAID/SA grantees. Four grantees were chosen in each of three sectoral areas (social, political, and economic) and two additional grantees which had conducted Mission-funded election related activities were included in the sample. Of the 14 grantees, 13 are South African NGOs (one, the African American Labor Center is a U.S. organization). Grantees are situated in virtually all regions of the country, and range from small, volunteer-based township organizations with annual total budgets of less than $60,000 to large, national NGOs with annual budgets of $1 million or more.

  The case studies present a broad portrayal of USAID/SA grantees including urban and rural-based organizations involved in a diversity of development activities with varying degrees of success. Cases were selected in part, to portray common problems as well as areas of achievement, and to present examples of black and white, as well as women-led NGOs.

- **Group Discussions**—Group discussions were held in order to reach as many grantees as possible and include them in the evaluation process. The group discussions provided grantees the opportunity to raise and discuss issues relevant to the history and operations of USAID in South Africa. Invitations to the group discussions were sent to all 524 current and former grantees for whom addresses were available, along with the mailed questionnaire. Group discussions were held in the following eight areas: Johannesburg, Cape Town, Durban, Port Elizabeth, East London, Bloemfontein, Pretoria, and the Pietersburg area.

- **Focus Groups**—Focus groups were held in Johannesburg and in Durban. The two focus groups were added late in the process to clarify critical issues surrounded by debate, e.g., implementation of affirmative action and black empowerment. Participants were invited to participate in focus group discussions based on their considerable experience with USAID and/or their ability to examine from divergent perspectives the issues posed during individual interviews.

A total of 77 grantees and 69 individuals participated in the group and focus group discussions.

C. The Evaluation Team

This program evaluation was conducted by Aurora Associates in conjunction with Creative Associates International, both U.S.-based development consulting organizations. The evaluation team was organized to include both American and South African personnel representing a diversity of professional backgrounds and direct experience with USAID/SA. All the staff have extensive experience in social research, policy analysis, and/or evaluation methodology and data analysis; all senior staff also bring to this project substantial expertise in policy, program, and operational work in Africa and, specifically, in South Africa.

The evaluation team was led by a senior economist and policy analyst specializing in Africa, Robert S. Browne. Mr. Browne is a former Staff Director of the Subcommittee on International Finance, Trade and Monetary Policy (of the U.S. House of Representatives Banking Committee), Executive Director of the African Development Fund, Senior Research Fellow at the African Studies and Research Center, Howard University, and founder of the Black Economic Research Center and the journal *The Review of Black Political Economy*.

Joining Mr. Browne was an evaluation team of experienced U.S. and South African senior and midlevel professionals:

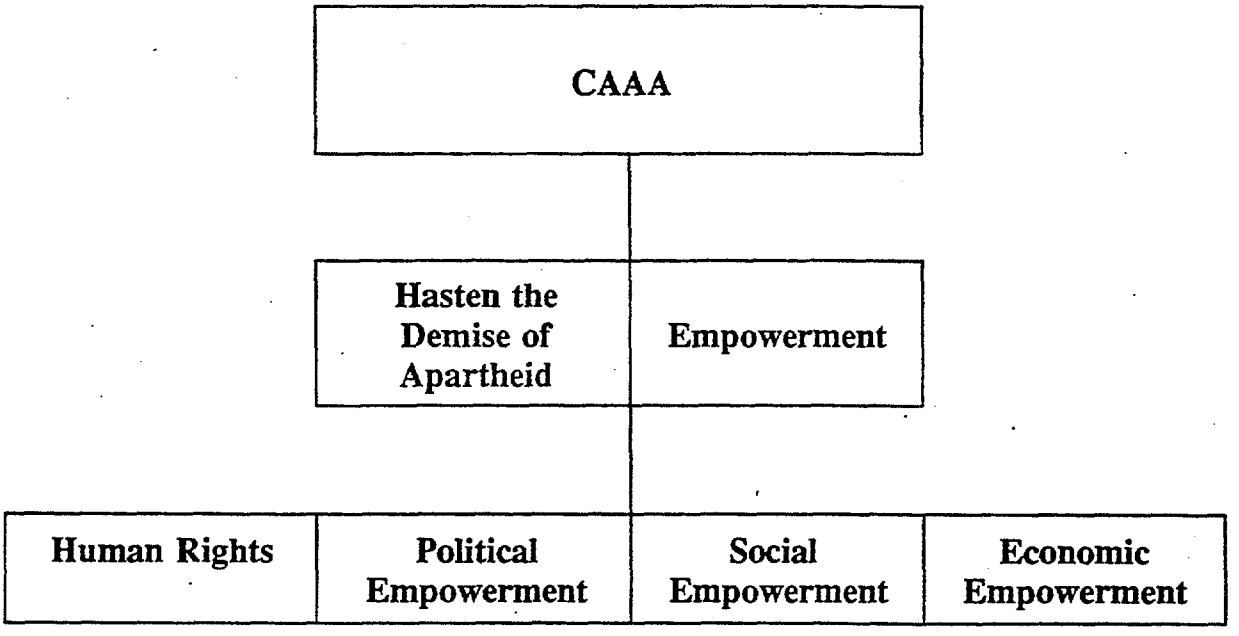
- Dr. James M. Statman — Principal Investigator
- Dr. Brenda Bryant — Senior Researcher/Methodologist
- Gayla Cook — Evaluation Coordinator/South Africa
- Mary Menell Zients — Evaluation Coordinator/United States
- Dr. Bethuel Setai — Senior Researcher
- Dr. Rumilla Neran — Researcher/Methodologist
- Tladi Kekana — Researcher
- Hlengiwe Mkhize — Researcher
- Patricia Flederman — Researcher
- Dede Naylor — Information Specialist
- Catherine Ngubane — Research Intern

IV. SUMMARY AND CONCLUSION

The *Program Evaluation USAID/South Africa* is a policy study which uses the Comprehensive Anti-Apartheid Act as its frame of reference and organizational model. As summarized in Figure 2, the principal goals of the CAAA were to hasten the end of the apartheid system and its replacement by a popularly elected government and, concurrently, to assist in the empowerment of the victims of apartheid, to help them overcome the handicaps imposed upon them by the apartheid system and to assume their rightful roles in society. As distinct from other aspects of CAAA, such as economic sanctions, the USAID program, which was the centerpiece of the U.S. policy to assist apartheid's victims, employed a strategy of empowerment, of assisting South Africa's black populations in their struggle to assume appropriate participation in the political, economic, educational, and social institutions of the nation.

The general categories or sectors in which USAID/SA attempted to implement this empowerment mandate, namely human rights and political, social, and economic empowerment, are shown in the lower portion of Figure 2. Figure 2 then lists the three key questions or issues which organize and inform this policy evaluation.

Figure 2
Evaluation Questions



EVALUATION QUESTIONS:

1. How did USAID/SA implement the CAAA requirements?
2. What was the outcome of these activities?
3. What was the implication of these activities for USAID operations elsewhere?

CHAPTER 2.
BACKGROUND AND ORIGINS

I. THE CONTEXT: APARTHEID AND U.S.-SOUTH AFRICAN RELATIONS

"Apartheid" is the word used to describe the racially segregated society imposed upon South Africa by the white South Africans as their control over the country became more firmly entrenched. In 1948, the National Party of the Afrikaner population (whites of non-English origin) won control of the government for the first time and promptly proceeded to codify the segregation practices which had long been the norm. The black population of South Africa, constituting 88 percent of the total population, was forcefully reduced to virtual serfdom within their own country by the white minority. Under apartheid, the black population was divided into three groups: Asian, 2.5 percent; colored, 9 percent; and black African, 77 percent. These "races" were assigned separate and highly unequal roles in the society and were confined to those roles by law, force, fear, and brutality. For example, some 87 percent of the country's land area was reserved for whites, with blacks forcibly evicted from their homes if they lived in "whites only" areas; government expenditures on education for white children were five times the amount spent on black children; the better jobs were reserved for whites; and numerous other indignities and inequities were imposed by the white minority community upon the black majority.

From the time of apartheid's legalization in 1948, official U.S. policy has always been to oppose it, and this policy became more pronounced after the U.S. civil rights movement brought an end to legalized segregation in America. Although official U.S. policy was one of abhorrence of apartheid, implementation often pursued a contradictory path. Indeed, there are few countries in the world where U.S. foreign policy has shown greater inconsistency than toward South Africa. As early as the Kennedy administration (1961-63), then Secretary of State Dean Rusk is recorded as having told the South African foreign minister that the United States' relations with the rest of Africa were being complicated by the good relations between South Africa and the United States, and that apartheid threatened the security of the entire continent.[1]

At various times between 1960 and 1980, the United States took positions both supportive of and opposed to South Africa's racial policies. With respect to three of South Africa's neighbors—Southern Rhodesia (now Zimbabwe), Angola, and Mozambique—U.S. policy also moved in contrary directions. This occurred not simply in response to the pre- and post-independence status of these countries, but also in pursuit of a policy which welcomed South Africa's efforts to destabilize fledgling, left-leaning southern African governments while simultaneously urging South Africa to end its interference in their internal affairs.

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[1] Kenneth Mokoena, ed. *South Africa and the United States: The Declassified History* (New York: The New Press, 1993), 14.

In 1969, a confidential United States Government memorandum, National Security Study Memorandum (NSSM) 39, was leaked to the public. This memorandum, after weighing the United States' strategic interests in terms of southern Africa's minerals, its location on world shipping paths, and its vigorous commitment to anticommunism, offered a range of options for the administration's consideration. The one which was recommended (and selected), the "Tar-baby Option," argued that U.S. interests were more closely linked to the white governments of the region than to their black majority populations. Revealingly, the first two "operational examples" offered for this option were to:

> Maintain public stance against apartheid but relax political isolation and economic restrictions against the white states, and
>
> Enforce arms embargo against South Africa but with liberal treatment of equipment which could serve either military or civilian purposes.[2]

Such policies totally violated the spirit of Washington's public commitment to democracy and its opposition to apartheid and highlighted the gross ambivalence which characterized U.S. policy in the region during that period. Although the NSSM 39 incident occurred 25 years ago, it was vividly recalled by a prominent South African leader who was interviewed for this project. His perspective was that NSSM 39 revealed that the U.S. Government was unwilling to take any effective action against apartheid because of its need for South Africa's mineral resources.

A similar ambivalence was displayed during the Carter years (1977-80). For example, in May 1977, Vice President Mondale alienated South Africa's Prime Minister Vorster by calling for a "one man, one vote" political structure in South Africa. Later the same year, however, the United States vetoed four African-sponsored Security Council resolutions calling for economic sanctions against South Africa. By the next year, the United States had softened its position, abstaining on a General Assembly resolution favoring sanctions and, thus, allowing the resolution to pass. (A General Assembly Resolution, however, lacks the force of a Security Council Resolution.)

II. THE ANTI-APARTHEID STRUGGLE ENTERS THE AMERICAN CONSCIENCE

Within South Africa, an organized and active opposition to apartheid had been carried out by the black community since early in the twentieth century. This anti-apartheid resistance surged in the mid-1980s and was met with brutality that shocked the world. The myriad repressive tactics perpetrated on the black community by South Africa's defense and police forces merely served to stoke the spirit of resistance, especially among younger blacks, thousands of whom abandoned their classrooms to join the struggle. The banned African National Congress (ANC) managed to disrupt the tranquility of the downtown urban areas with increasing frequency, and by the early

[2] Ibid., 199-218.

to mid-1980s, black resistance to apartheid was beginning to shatter normal life in many urban areas within South Africa.

This surge of anti-apartheid activity was brought to the attention of the wider American public in dramatic fashion in November 1984, when, on Thanksgiving eve, a trio of prominent black Americans—Walter E. Fauntroy, a sitting member of Congress; Randall Robinson, president of TransAfrica, the African-American lobby on Africa; and Mary Berry, a leading black civil rights spokesperson—were arrested for leading an anti-apartheid demonstration at the South African Embassy. For the next several months, similar demonstrations took place daily before that Embassy, and scores of prominent Americans, black and white, including U.S. senators, allowed themselves to be arrested in a prolonged and dramatic display of solidarity with the victims of apartheid.

The U.S. media chose to devote considerable attention to these eruptions of protest on both sides of the ocean. For several months during the mid-1980s, the evening news on most U.S. television stations routinely included graphic accounts of bloody encounters taking place in South Africa, frequently showing scenes of the South African Government utilizing lethal weaponry to disperse rock-throwing protesters and slaughtering dozens of blacks in the process. Ted Koppel took his popular ABC News "Nightline" show to South Africa for several nights of sustained and in-depth coverage, and other news programs followed suit. The result of this barrage of media attention was that a large segment of the American public became cognizant, probably for the first time, of the term "apartheid" and of what it meant in terms of human suffering.

The passion of the anti-apartheid activists in South Africa, the justness of their demands, and the violent nature of the South African Government's response struck a responsive chord in much of middle America. However, an organized opposition front to apartheid was not new in America and a nucleus of anti-apartheid organizations had already been active in America for two to three decades—groups such as the American Committee on Africa, the Interfaith Center on Corporate Responsibility, the Washington Office on Africa, and numerous church groups. In addition, an affinity between black communities in South Africa and in the United States, nurtured by the African American churches and by black scholars such as Dr. W.E.B. DuBois, had been evident for more than a century. In 1962, the leaders of America's black community organized an American Negro Leadership Conference on Africa (ANLCA), which eventually grew to include 28 major black national organizations. The ANLCA was the pioneer effort in building a national black constituency for Africa, and in 1976, its southern Africa programs were incorporated into a Black Leadership Conference on South Africa, which subsequently evolved into TransAfrica, a highly visible lobby on African affairs.

Over many years, these agencies, assisted by diverse student and labor groups, did pioneering work in mobilizing public support for intervention in South Africa through campaigns calling for disinvestment, for economic sanctions, and for the refusal of U.S. banks to extend further loans to South Africa. The renewed surge of uprisings occurring within South Africa during the 1980s further enhanced the enthusiasm among American anti-apartheid groups. Many of these groups helped to interpret the stream of bloody events for an increasingly concerned American public.

III. THE POLICY DEBATE IN THE UNITED STATES

This burgeoning public protest in America must be understood against the changes occurring with regard to U.S. policy toward South Africa. The Reagan administration (1981-88) had, early on, introduced a new South Africa policy entitled "constructive engagement," an initiative of the new Assistant Secretary of State for Africa, Chester Crocker. Although apparently perceived within the administration as being an even-handed approach to U.S.-South African relations, the constructive engagement policy, in which the sins of the South African Government and of the black resistance movement were equated, allegedly to help foster a "regional climate conducive to compromise and accommodation," brought about widespread criticism of American foreign policy from Africans across the entire continent.

Within South Africa, the ruling National Party was continuing to pursue a policy of brutal repression of internal dissent and violation of human rights, but indications of ambivalence were beginning to appear. The powerful Dutch Reformed Church had gradually softened its theological justification of apartheid and adopted a stance which was perceived by many as being anti-apartheid in nature. Even within the highly influential, secret Afrikaner fraternal organization known as the Broederbond, the hitherto unquestioned support for apartheid was showing signs of erosion in the face of the findings of its own studies, which were beginning to suggest that the apartheid system was both unworkable and unsustainable.

At home, the President had, in 1982, refused an appeal from the Congressional Black Caucus (CBC) that the United States veto a request of the South African Government to the International Monetary Fund (IMF) for a loan which would strengthen the apartheid government at a crucial moment. This and other such actions served to enhance the perception among South Africa's majority population that the United States' policies were clearly slanted in favor of the apartheid regime, a belief which hardly endeared the United States to the majority of South Africans. One American interviewee, who had been living in South Africa in the early 1980s, characterized the United States as having been, at that time, the most unpopular government accredited to South Africa—"the biggest and the most disappointing." According to him, the black community was aware of and reviled our politics vis-a-vis UNITA[3] and the Contras (counter-revolutionary movements in Angola and Nicaragua, respectively), and he added: "They hated us." Essentially similar views were expressed by other Americans who were working in South Africa during the early 1980s and by endless numbers of Africans.

Paradoxically, although the United States was viewed negatively by South Africa's blacks, South Africa's white community also regarded it with considerable suspicion. The confused message of U.S. policy was perpetuated by such actions as the United States steadfastly vetoing Security Council resolutions calling for comprehensive sanctions against South Africa, while unilaterally imposing sanctions of its own that were considerably more severe than those imposed by the other major powers. The ambivalence about which Secretary of State Dean Rusk had expressed

[3] UNITA is the Portuguese acronym for the National Union for the Total Independence of Angola, a political faction led by Jonas Savimbi, which also received massive support from the South African regime in its attempts to topple the Angolan government.

concern in the early 1960s was asserting itself, with a vengeance. During this period, the conservative Thatcher government of Great Britain, as well as the socialist government of France, deferred to U.S. leadership in southern African affairs, publicly criticizing some of the constructive engagement policies while lending at least tacit support to others.

IV. THE CONGRESS SPEAKS

By 1986, the constructive engagement policy had little to show for itself in terms of visible results. It is noteworthy that Chester Crocker, in his memoirs, concedes that the constructive engagement policy ". . . could accomplish little while the South Africans were battling each other in an existential test of wills."[4]

Meanwhile, repugnance toward the apartheid system and toward the brutality by which it was maintained was spreading rapidly through the American public, leading moderate politicians to feel increasingly obliged to distance themselves from any perceived embracing of the apartheid regime. In 1985, Congressmen William Gray and Ronald Dellums, both active members of the Congressional Black Caucus (CBC), crafted a bill which called on the United States to impose economic sanctions against South Africa, a bill which President Reagan chose to veto (September 26, 1985). Presumably to defuse the strong public hostility which the veto was likely to engender, the President issued Executive Order 12532 (September 9, 1985), which banned U.S. banks from extending new loans in South Africa and authorized U.S. economic assistance as a viable alternative to sanctions as a means for undermining apartheid. Both the banking restriction and the economic assistance proved to be powerful factors in the removal of apartheid.

The following year, within a national climate which had become even more disposed toward a distancing of the United States from its tacit support of the South African Government, a new effort was launched to pass anti-apartheid legislation. On May 21, 1986, 44 members of Congress introduced a new bill calling for economic sanctions against South Africa. Its passage was a foregone conclusion in the House. The outcome in the Senate, under Republican control at that time, was less certain. Senators Lugar, chair of the Foreign Relations Committee, and Kassebaum, chair of the Africa Subcommittee, were, however, both fully committed to the ending of apartheid. They used their powerful positions to shape a bipartisan coalition which passed the Comprehensive Anti-Apartheid Act (CAAA) by a comfortable margin. The Senate leadership seemed to feel that for it to take no action on the issue of apartheid would not sit well with the voters.

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[4] Chester Crocker, *High Noon in Southern Africa* (New York: W.W. Norton & Co., 1992), 266-7.

There were some differences between the versions of the anti-apartheid bill which were passed in the House and the Senate. The House bill, which under pressure from the CBC had favored comprehensive, stringent sanctions, was clearly the stronger of the two. It was, however, the Senate version which was reported out of conference and ultimately passed by the full Congress. Subsequently, it was promptly vetoed by President Reagan on September 26, 1986, one year and one day following his previous veto. On September 29, the House overrode the veto by a vote of 313 to 83, and, on October 2, the Senate voted to override by a margin of 78 to 21. It was a dramatic disavowal of the foreign policy of a sitting (and popular) president and presaged a new era in U.S. relations with South Africa. On October 27, President Reagan signed Executive Order 12571, authorizing the U.S. Government to implement the CAAA.

V. THE COMPREHENSIVE ANTI-APARTHEID ACT

The CAAA unambiguously stated its purpose to be:

> . . . to set forth a comprehensive and complete framework to guide the efforts of the United States in helping to bring an end to apartheid in South Africa and lead to the establishment of a nonracial, democratic form of government.[5]

This statement of purpose is amplified by section 103(a), which states:

> The United States policy toward the victims of apartheid is to use economic, political, diplomatic and other effective means to achieve the removal of the root cause of their victimization, which is the apartheid system. In anticipation of the removal of the system of apartheid and as a further means of challenging that system, it is the policy of the United States to assist these victims of apartheid as individuals and through organizations to overcome the handicaps imposed on them by the system of apartheid and to help prepare them for their rightful roles as full participants in the political, social, economic, and intellectual life of their country in the post-apartheid South Africa envisioned by this Act.[6]

The CAAA's crafters identified a spectrum of measures to be pursued in order to achieve this objective, as suggested by the CAAA's six titles:

- Title I: Policy of the United States with Respect to Ending Apartheid
- Title II: Measures to Assist Victims of Apartheid

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[5] U.S. Congress. *Comprehensive Anti-Apartheid Act of 1986*. 99th Cong., 2d sess., 1986. H.R. 4868, §4.

[6] Ibid., Title I.

- Title III: Measures by the United States to Undermine Apartheid
- Title IV: Multilateral Measures to Undermine Apartheid
- Title V: Future Policy Toward South Africa
- Title VI: Enforcement and Administrative Provisions

Title I called for the South African Government to end the imprisonment of Nelson Mandela, unban the African National Congress (ANC) and other anti-apartheid organizations, and revoke restrictive and discriminatory legislation such as the Group Areas Act and the Population Registration Act. Title II will be examined below. Title III dealt with sanctions. The more liberal House bill had sought to impose full sanctions against South Africa but, as passed, the CAAA merely prohibited the importation and exportation of a score or more of designated items and the making of new loans or investments in South Africa. The South African Government and its parastatal organizations were also denied the ability to make deposits in U.S. banks.

Title IV set forth a negotiating framework for cooperating with other nations in the effort to eliminate apartheid. It also spelled out terms for limiting the importation of products into the United States of countries taking advantage of or otherwise benefiting from the sanctions provisions of the CAAA. Title V detailed the reporting requirements placed on the administration regarding implementation of the CAAA, called for several studies to be undertaken, and described the conditions which must be fulfilled for the lifting of the CAAA sanctions. Section 511 of this Title stated that up to $40 million of the funds authorized to be appropriated would be made available for disadvantaged South Africans for activities such as "scholarships, assistance to promote the participation of disadvantaged South Africans in trade unions and private enterprise, alternative education and community development programs," with a requirement that up to $3 million of the $40 million be made available for training programs for South Africa's trade unionists. Title VI called on the President to issue the rules and regulations necessary for implementation of the Act. The Act also prohibited the provision of U.S. assistance to any agency "financed or controlled by" the South African Government, stipulating instead that USAID funds be distributed via NGOs. Beginning in fiscal year (FY) 1987, USAID began to obligate funds in accord with these provisions.

The provisions of the CAAA which pertained to USAID are found primarily in Title II. This section set forth in considerable detail the types of assistance which the Congress wished to see provided to South Africa. The major programs designated were as follows:

- Scholarships for the Victims of Apartheid
- In-Service Teacher Training Programs
- Assistance for Disadvantaged South Africans
- Human Rights Fund
- Expanding Participation in the South African Economy

The Act contained numerous funding earmarks, in which Congress designated the amounts to be spent on certain projects. Perhaps the most unusual aspect of the CAAA was its prohibition of any assistance to organizations with a connection to the South African Government. This mandated that the USAID program would be unlike any previous one, for the aid would have to be directed primarily at NGOs and individuals. Recipients would have to be identified and selected without the help of a host government, and funds would have to be given to independent South African organizations over whom the United States would have only limited means to ensure that the funds were being used as agreed, or to enforce punitive measures when that was not the case. This prohibition had a profound and far-reaching impact on the programmatic direction, organization, administration, and operational style of USAID/SA and on its relationship with the black community and the overall democratic movement within South Africa.

The legislation was also unprecedented in that it openly stated its purpose to be to assist in the overthrow of a friendly government, using the weapons of limited sanctions and of economic assistance. A provision seen by some as an anomaly was the CAAA's objective of helping to "lead to the establishment of a nonracial, democratic form of government" while simultaneously mandating that CAAA's aid packages were to be directed toward those who had been "victims of" or "disadvantaged by" apartheid. This language was destined to provoke some polarization within the program between persons who believe that a nonracial society must mean a society which ignores race altogether and those who feel that reversing the effects of the enormous inequities created by decades of apartheid (i.e., affirmative action) is a prerequisite for the creation of a nonracial society.

The racial terminology used in the legislation also reflected a certain degree of confusion within the Congress, perhaps because different parts of the bill may have been written by different persons, as often happens. Expressions such as "victims of" and "persons disadvantaged by" apartheid are essentially code words for more precise but politically sensitive designations for the target population. For example, in the all-important Title II, the target population is referred to as "disadvantaged" (four times), as "blacks" (five times) and as "blacks and other non-whites" (six times). In Title I, one encounters the terms "black majority" and "black and colored South Africans." Although these terms seem to be used interchangeably in the legislation, such imprecise usage can, at the margin, create confusion for those whose duty is to implement the legislation.

VI. USAID IN SOUTH AFRICA PRIOR TO THE CAAA

The CAAA specified a purpose for U.S. assistance to South Africa, mandated certain programs and policies, and authorized generous funding levels for implementation. It was not, however, the CAAA which actively launched the USAID program in South Africa. In July 1986, some

three months prior to the passage of the CAAA, USAID/Washington (USAID/W) had sent a staff person to Pretoria to provide an on-site USAID presence.

As early as the 1960s, the United States had funded scholarships for South Africans through the Department of State's Bureau of Communications. Later, the United States had funded modest assistance projects in South Africa through the Department's Bureau of Communications. In 1980, USAID provided $39,000 to establish a human rights fund administered by the U.S. Embassy, and between FY 1980 and FY 1982, USAID transferred $770,000 to the United States Information Agency (USIA) to fund an experimental training project, for which a $2 million authorization was made in 1983 to permit its implementation on a nationwide basis (the University Preparation Program, or UPP). Just over 1,000 students, including students from Namibia and Zimbabwe, as well as from South Africa, received scholarships through these programs, which were administered principally by the African-American Institute, an American organization. Roughly 25 percent of the bursar recipients studied in the United States; the others attended African educational institutions of various sorts.

Despite misgivings which black South Africans had about accepting U.S. funds, Congress appropriated $4 million in FY 1982 and the same again in FY 1983 "to finance scholarships for undergraduate and professional (graduate) study in the United States for South African students who are disadvantaged by virtue of legal restrictions on their ability to get an adequate undergraduate or professional education."[7] Eighty-nine students participated in this program during its first year. Funding was maintained at the $4 million level until the passage of the CAAA, with an additional $1.9 million added in 1986 for bursaries to be used within South Africa.

Three training projects were added to the USAID/SA program in 1983: the University Preparation Program (referred to above), the Labor Union Training project, and the Entrepreneurial Training project. According to the 1988 *USAID South Africa Program Strategy*, these three projects, as well as the scholarship program, "ran into serious difficulties, each related in large part to an inadequate understanding of local issues and sensitivities."[7]

By 1983, USAID had contracted with a U.S. NGO, the Institute of International Education (IIE), and with Aurora Associates, an African-American development consulting organization, to implement the scholarship programs in the United States. Recruitment and selection of candidates for the program were conducted by a black South African NGO, the Educational Opportunities Council (EOC), directed by Desmond Tutu Archbishop of the Anglican Church.

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7 P.L 97-113, Title III, § 303(b), Dec. 29, 1981, 95 Stat. 1532; codified in 22 U.S.C. 2151c.

7 U.S. Agency for International Development, *USAID/South Africa Program Strategy*, "Program Strategy Statement" (Washington, D.C.: June 1988), Vol. I, 15.

The EOC is still in operation and is considered, by many observers, to be the most successful of the USAID-supported NGOs in South Africa.

In FY 1984 and FY 1985, $500,000 and $1,000,000, respectively, were earmarked by Congress for "grants to non-government organizations in South Africa promoting political, economic, social, juridical, and humanitarian efforts to foster a just society and to help the victims of apartheid."[8] These grants can be viewed as the forerunners of the politically-oriented type of aid program soon to be mandated by the CAAA.

This entire effort to provide assistance in South Africa was problematic for the United States, due to the suspicion with which South Africans viewed America. Whites were disappointed not to have stronger, less ambiguous support from Washington, and blacks were highly suspicious of Washington's real intentions. U.S. assistance was perceived as being tainted, and until well into the mid-1980s, many anti-apartheid organizations, of all sorts, were hesitant to accept funds from USAID.

Nor did the scholarships program escape this suspicion. That program was perceived by many South African blacks to be a U.S. strategy to mitigate the rising demand for sanctions and also as a means to create an acquiescent black middle class in South Africa. Likely candidates for scholarships often kept their distance, fearing that accepting U.S. funding would risk saddling them with a negative image and with unknown consequences for reacceptance into their communities. Anti-apartheid NGOs feared that their public images could be smeared by too close an association with the United States and that U.S. funding might somehow lead to the altering or the undermining of their programs. The ambiguity of the United States' South Africa policy provided fertile breeding grounds for charges that USAID was an arm of the American intelligence service. All in all, it was not an attractive climate into which to launch a USAID program.

VII. USAID IN SOUTH AFRICA FOLLOWING PASSAGE OF THE CAAA

During the first two years under the CAAA, USAID/SA was fortunate to have as its director Timothy Bork, a public servant who invested considerable time in winning the confidence of black South Africans. A surprisingly large number of the persons interviewed for this evaluation, both Africans and Americans, brought up his name spontaneously and spoke of him with considerable affection and admiration. Through patience, sensitivity, sincerity, and the ability to listen, he gradually built solid bridges to the black community and convinced it that USAID

[8] P.L. 98-164, Title X, § 1002(a) Nov. 22, 1983, 97 Stat. 1052; codified in 22 U.S.C. 2151n.

was genuinely concerned with distributing resources in ways that might help to bring about a nonviolent end to apartheid.

Several of the aforementioned, pre-CAAA projects encountered problems both before and after the initiatives of the CAAA program. The University Preparation Program and Entrepreneurial Training projects suffered from inappropriate project administration by the contractors, both in terms of their underestimation of the strong desires of the Africans to implement their own projects and in their misjudgment of what the African capabilities actually were. In the case of the Labor Union Training project, a serious political miscalculation was made by USAID in awarding exclusive implementation responsibility for this program to a U.S. NGO which, apparently for ideological as well as practical reasons, directed the bulk of the resources to a somewhat marginal faction of South Africa's black trade union movement. In the process, this further alienated the United States from the more powerful black trade union movement in South Africa, which at that time would not directly accept U.S. Government funding.[9]

Another problem encountered from the outset of the CAAA was that the NGOs which possessed the formal administrative and fiscal infrastructure, skills, and experience necessary for compliance with the program monitoring and financial reporting systems required by donors were, for historic reasons, likely to be directed by whites. This was largely due to whites' greater accessibility to the resources necessary for running effective programs. The dilemma of how to allocate USAID monies between white-led versus black-led anti-apartheid groups is a problem which plagued USAID/SA from its inception, and it has not yet been fully solved. It is one manifestation of the affirmative action issue and highlights the conflict between those who would emphasize "getting the job done efficiently, effectively, and quickly" (which would generally mean utilizing predominately white contractors) versus those who perceive the aid program as primarily a vehicle for "developing and empowering the people" (and who, therefore, would be prepared to pay more, get less, and take longer in order to afford the disadvantaged populace the opportunity to gain broader experience and assume greater responsibility).

Why did the South African Government allow an avowedly subversive program to be launched on its territory? Why did it permit the implementation of legislation which unabashedly proclaimed its purpose to be "to bring an end to apartheid in South Africa and lead to the establishment of a nonracial, democratic form of government?"[10] Inasmuch as the guidelines for this evaluation precluded contact with any officials of the former apartheid government, one can only speculate as to the answers to these questions. Among the Americans and South

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9 See, for example, U.S. Agency for International Development, *USAID South Africa Program Strategy*, Vol. II, 53-65, and Appendix A, Case Studies, of this report.

10 H.R.4868, § 4.

Africans who were interviewed, however, there seemed to be considerable consensus that the Government's need to retain its image of good relations with the United States was foremost.

Had South Africa forbidden the USAID program, it would have severely aggravated South Africa's international pariah status within the western family of nations, a situation to which South Africa was quite sensitive. Furthermore, South African President P.W. Botha was said to feel that he could rely on President Reagan to keep USAID under control. In any event, the South African Government's intelligence service, which reportedly had long infiltrated the anti-apartheid movement, is said to have regularly assured President Botha that the liberation movement lacked the potential to mount a successful resistance to apartheid and that USAID was a marginal force at best. Also, it is not likely that South African policy makers understood the independent power of the legislative branch in the American system, especially when it becomes aroused over a specific issue.

The Congress had been unusually specific in stating what it wanted USAID to do in South Africa, and it was not shy about monitoring USAID/SA's performance. During this period of CAAA-led activity, congressional oversight of USAID/SA was intense. Congressional staffers, as well as members of Congress, visited South Africa to gather firsthand knowledge of the program's implementation. In general, they seemed to have been pleased with what they saw, particularly with the channeling of USAID monies directly to grassroots organizations. At least during the early years of the CAAA, they detected a closeness and warmth in the relationships between USAID/SA and the leadership of the South African NGOs which was more appealing to them than the distant and bureaucratic relationships which characterized more orthodox USAID country programs. Misuse of U.S. funds also appeared to have been less prevalent among the South African grantees than among USAID grantees in general, providing congressional representatives an additional cause for satisfaction with the program.

This strong congressional support for the program unquestionably enhanced USAID/SA's ability to stake out an independent role for itself in South Africa. When USAID/SA's first Mission Director, Timothy Bork, arrived in South Africa, he promptly sought to separate his work from the often unpopular policies of the American Embassy, a decision he sought to symbolize by relocating the USAID/SA office out of the American Embassy and into its own quarters. That initiative created considerable tension between USAID/SA and the U.S. Embassy, but the relocation proceeded as planned. This division within the official American community in South Africa was a reflection of the struggle taking place in Washington over South African policy and ultimately led USAID/SA to look more to the Congress rather than to the State Department for its direction. The emergence of a USAID program in South Africa whose focus was less on host country development than on host country political affairs, cast USAID into an entirely new role and opened vistas of new approaches to the design and implementation of future USAID programs.

CHAPTER 3.
OVERVIEW OF THE DESIGN AND IMPLEMENTATION OF THE USAID PROGRAM IN SOUTH AFRICA

Shortly after his arrival in 1986, USAID/SA's first Mission Director began to transform USAID's involvement from arm's-length funding of scholarships and a few local NGOs to an extensive effort to build relationships throughout the anti-apartheid community. Operating at first out of the U.S. Embassy, and with limited resources, the USAID/SA staff initially focused its efforts on building relationships and learning about the activities of as broad a range of groups as it could. By 1994, working from three floors of a large office building in downtown Pretoria, with a staff of 120, USAID/SA had become, after the European Union (EU), the second largest provider of development assistance to South Africa, obligating $212 million for projects in that year alone. Over the eight-year period in which USAID has operated in South Africa, it has obligated a total of more than $540 million in project funding for political change and social and economic development.

In this and the following three chapters, this report provides a description of the nature of the USAID program in South Africa from 1986 to 1994 and an assessment of the effectiveness and impact of the program during different time periods and in each of three broad sectors: social, political, and economic development. Chapter 3 outlines the dimensions of the program, first describing the program as a whole from a financial and human resource perspective, including the scale of the spending in each year and the way in which resources were allocated among sectors. It then summarizes the major events and characteristics of each of three relatively distinct periods of USAID activity in the country: 1986 to 1987, 1988 to 1991, and 1992 to 1994. Chapters 4, 5, and 6 then examine in greater detail the evolution of specific projects within each of the three sectors.

I. FINANCIAL AND HUMAN RESOURCES OVERVIEW

A. Introduction

This section charts the overall dimensions of the USAID/SA program along the parameters of budgeting and staffing. It presents a general picture of the USAID South Africa program, charts its development over time, and observes which areas receive relative priority. In presenting the financial profile of the USAID/SA program as it has developed since 1986, it is helpful to first briefly present the fiscal and programmatic taxonomy which defines the Mission's organizational and procedural structure. Terms like "program," "project," and "activity" have specific meanings within this organizational system, which may somewhat differ from common usage.

At the broadest level, USAID/SA conducts its overall country "program," which is comprised of specific "projects," initiatives through which the Mission operationalizes Agency policy and, as in the case of the CAAA, relevant U.S. law. The various Mission projects, such as "Education Support and Training" and "Human Rights," are most often large, multiyear area interventions which are approved for a specified duration and "life-of-project" funding level. Projects are themselves implemented through a series of related "activities," each of which consists of a grant to or contract with a U.S. or South African organization. In the South Africa program, specific project activities have largely derived from the funding of proposals submitted to the Mission by various South African NGOs, but they also include competitively bid contracts with U.S. organizations to implement a Mission-defined "scope of work."

The financial dimensions of the Mission's overall country program are specified annually through an Operational Year Budget (OYB). Total funding for each project is specified through the Project Authorization Level, which encompasses the planned life-of-project period, usually several years. Each year, every project generates a Project Operational Year Budget and each activity within that project, an Annual Activity Obligation.

Since projects and their activities are often of several years' duration, the disbursement of funds through which activities are conducted occurs most frequently over such multiyear periods, but represents the distribution of obligations made in one year. Obligations to project activities are, thus, typically incremental in nature; the funds are obligated during a particular fiscal year, but may be disbursed over a specified period of several years. For example, funding for an education project obligated in 1990 may actually be disbursed and fund activities, such as scholarships, for the following five years or more.

In reviewing the figures and tables in this chapter, which present Mission obligation levels by year, it is, therefore, important to bear in mind that while a project obligation is made during a particular fiscal year, it is most often disbursed and its activities funded over several subsequent years. Conversely, the fact that there was not an obligation in a particular project area during a given fiscal year does not at all imply that there were no activities conducted in that area during this period. Such activities may well have transpired, funded by a project obligation during an earlier year. In a sense, project obligations credited to any given year usually represent an "investment" in project activities to be conducted in future years.

B. Overall Budgetary Profile

USAID/SA's yearly obligations, divided by program sector, are presented in Figure 3. In considering the projects subsumed within the sectoral areas, it is useful to note that there are a number of gray areas in terms of the nature of the primary impact of the funding. For example, one could argue that the funding allocated to the Labor Union Training project had far more of a political than an economic impact in the country's transition or that any funding for education was inherently political during the years of apartheid. In addition, similar activities were funded by different projects over time, e.g., HIV/AIDS funding was subsumed under the Community Outreach and Leadership Development project after 1992 and, therefore, moved from the social

development to the political development sector. Nevertheless, this broad categorization is useful for a general overview, and the specifics of each project will emerge in the later chapters. This categorization is as follows:

- **Social Development Sector Projects**

  South Africa Internal Bursaries
  U.S. Training for Disadvantaged South Africans (TDSA)
  Education Support and Training (ESAT)
  Support to Tertiary Education Project (STEP)
  South African Basic Education Reconstruction (SABER)
  Tertiary Education Linkages Project (TELP)
  Special Self-Help Development
  International Committee of the Red Cross (ICRC)
  Drought Relief
  Displaced Children's Fund
  HIV/AIDS Prevention

- **Political Development Sector Projects**

  Community Outreach and Leadership Development (COLD)
  Human Rights
  Transition to Democracy
  Building Democratic Institutions
  Transition Support Fund (TSF)

- **Economic Development Sector Projects**

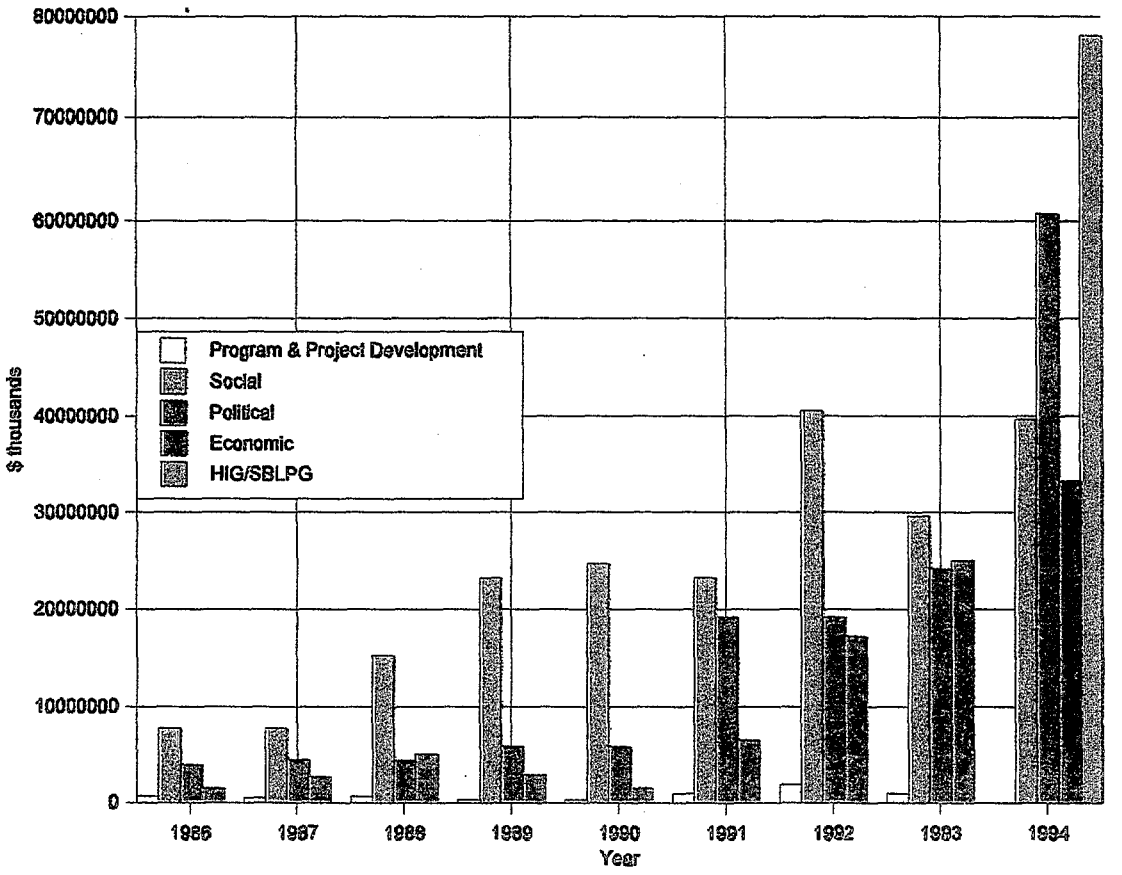
  Black Private Enterprise Development (BPED)
  Housing/Shelter and Urban Development Support (SUDS)
  Labor Union Training
  Private-Sector Housing Investment Guarantee (HIG)
  Small Business Loan Portfolio Guarantee (SBLPG)

As Figure 3 shows, USAID's South Africa program grew rapidly, from an initial obligation level of $13.9 million in 1986 to one of $211.7 million in 1994. (The 1994 figure includes $78 million obligated directly by USAID/Washington for Housing Investment and Small Business Loan Portfolio Guarantees.[1] The totals represented for earlier years in this chapter do not

[1] The Housing Investment Guarantee project provides capital in the form of housing guarantees to South African financial institutions in order to (1) grant mortgage loans to eligible, employed, urban, black South Africans to purchase low-cost, affordable housing and (2) make construction loans to eligible black developers, builders, and contractors to obtain and develop land and to build affordable housing. Financial institutions participating in this project will be required to match the housing guarantee funds by a 2:1 ratio. In addition, mortgage loan beneficiaries will be expected to make a minimum down payment equal to 5 percent of the unit price. Similarly, business loan guarantees leverage larger contributions from private South African banks for loans to the black community in support of developing or expanding micro-, small- and medium-sized enterprises.

include spending directly obligated by USAID/Washington.) The program increased at an average annual rate of 48 percent, with the greatest yearly growth rate, 165 percent, occurring in 1994 (a still substantial 67 percent increase, even if the HIG and SBLPG projects are not included). Examining the South Africa program's overall obligations profile, two-year "clusters" of significant growth (1988-1989 and 1991-1992) appear, followed by one-year periods with little or no increase. Even without reference to the nature and complexity of the Mission's projects and activities or the unprecedented process of change occurring in the country, the frequency and rate of increase in the level of annual program obligations, particularly in the post-1990 period of political transformation, alone suggest a significant challenge to Mission management and administration.

Figure 3[2]
USAID/SA Obligations by Sector - 1986 to 1994



[2] The years listed on the abscissa of this figure represent U.S. Government fiscal years (FYIs), running from October 1 of one year to September 30 of the following year, rather than standard calendar years. Thus, for example, FY 1993 denotes the period October 1, 1992, through September 30, 21993. Please note that the evaluation encompasses nine fiscal years (FY 1986 to FY 1994) over an eight year period. Unless otherwise noted, all references to the obligation or disbursement of USAID funds are discussed in terms of such fiscal years throughout the text of this report.

Figure 3 also presents a means through which to examine the relative importance or prominence of sectoral areas as they developed over time. During the initial two years, 1986 and 1987, the social development sector, including, most notably, education, received the greatest proportion of obligations. Activities which can be subsumed under the political development sector, primarily human rights, and community development activities, also appear at this time. While some economic development sector activities received obligations in the early years, it was not until 1988 that such activities became vital. With the release of Nelson Mandela in February 1990, and the accompanying sea change in the South African political climate, the economic development sector received significant obligations from 1991 through 1994.

Figure 3 further reveals the increased obligations in the political sector commencing in 1990. With the rapid erosion of the apartheid state and the formation of various transitional political structures and processes leading to the now famous "run up to the election," political activities received significant obligations in 1991 through 1994 (particularly in 1994), with major expenditures for voter education and electoral preparation. Taken as a whole, the change in relative prominence of particular sectors across fiscal years shows a USAID/SA program which has been responsive to the significant changes and opportunities occurring within the quickly evolving South African context.

Table 1[3] presents a further profile of project obligations over USAID/SA's program history. It briefly charts the Mission's priorities, revealing an increasingly elaborate program which evolves as well as expands over time. In the earliest years, within a context of severe government repression and violence, the Mission was reaching out to disadvantaged communities and the anti-apartheid movement, funding human rights, education, and community development activities. By 1990, with the momentum for democratic change mounting, the Mission, was obligating greatly increased operational funds to a diversity of projects in several areas, including enterprise development. The 1994 obligations reflect South Africa's transition to democracy, with large obligations for projects involving voter education, election preparation, education, community development, housing, and enterprise development.[4] The post-apartheid emphasis on long-term infrastructure development is underscored through the obligation of $78 million for housing and small business loan guarantees for disadvantaged communities, which, as previously mentioned, is expected to leverage twice this amount in private financing.

From 1986 through 1994, USAID/SA obligated a total of $533,182,000 for social, political, and economic development activities, including $6.4 million (1.2 percent) for Mission program and project development. Social development projects, particularly education, received the largest proportion (39.3 percent) of this total, reflecting the Mission's commitment to enhance the black

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[3] As noted previously (see page 24), funds obligated to projects during a given year are most often disbursed for activities conducted during that year and over a period of several subsequent years. Obligations are "credited" in the fiscal year in which they are made and represent new or additional funding for a particular project. Thus, approved activities may occur in a year for which there are no obligations for that project, utilizing funds disbursed, as planned, through an obligation from an earlier year.

[4] Following the election in April 1994, President Clinton announced a three-year commitment of $600 million in U.S. assistance to South Africa for fiscal years 1994, 1995, and 1996. Of this total, $544 million will be obligated by USAID, with $211.7 million in 1994, $166 million in 1995, and $166 million again in 1996.

South African human resource base in order to build leadership and facilitate majority participation in the top levels of government and the private sector. The largest single project in this sector, STEP, which commenced in 1990, just as the political environment in South Africa was changing, obligated just under $100 million for tertiary education and professional training activities, helping to build the cadre of black professionals necessary to assume national leadership.

Table 1
Profile of USAID/SA's Yearly Project Obligations

Year	$ Total	Characteristics
1986	13.9 million	Major focus on education, community development, and human rights activities: $6.5 million (47 percent of total) for local bursaries (i.e., scholarships to South African universities); also, substantial obligations for the community development (COLD), Human Rights, and Labor Union Training projects.
1987	15.4 million	Education is largest sector, with $7.4 million (48 percent of total) for education projects; obligations for Human Rights, COLD, and Labor Union Training; initial obligation of $1.9 million for enterprise development (BPED).
1988	25.4 million	Major increase in level of obligations: $7.5 million to TDSA scholarship project (30 percent of total); $2.3 million to ESAT for community education; $3.3 million to BPED; further obligations to the COLD, Human Rights, and Labor Union Training projects.
1989	32.3 million	Education is primary sector for new obligations: local bursaries ($10 million) and U.S. scholarships ($9.9 million) receive significant obligations, together accounting for 62 percent of total; COLD and Human Rights projects receive increases in obligation; BPED is given $2.9 million to bring total project obligation since 1987 to $8.1 million.
1990	32.3 million	Overall obligations level remains unchanged from previous year, with education projects receiving $24.2 million, or 75 percent of total, including $14.3 million for new tertiary education project, STEP, and $6.6 million for South African bursaries and U.S. scholarships; a $1.5 million obligation for Labor Union Training brings project total since 1986 to $5.5 million.
1991	50.0 million	Dramatic changes in the political landscape and significant increase in obligations, particularly for democratization activities: $23 million obligated for education projects; increased obligations for COLD and Human Rights projects; Transition to Democracy project receives significant increase in obligation ($19.2 million); the economic development projects, BPED ($3.5 million) and Labor Union Training ($3.0 million, twice the 1990 obligation), receive new obligations.

Year	$ Total	Characteristics
1992	78.9 million	Another significant jump in the overall obligations level: the largest project allocation, a $27.9 million obligation for tertiary education to STEP, accounts for more than one-third of total; $14.1 million goes to COLD; a new housing project, SUDS, receives an initial obligation of $9.2 million, and a new basic education project, SABER, receives $6.1 million; the BPED, Labor Union Training, ESAT, and Human Rights projects all receive additional obligations; $1.9 million is obligated for Program Development and Support activities within the Mission.
1993	79.8 million	Level of obligations is only slightly increased over 1992: STEP receives a new obligation of $15.7 million; major obligations for COLD ($18 million), Human Rights ($5.1 million), BPED ($11 million), and SUDS ($11 million).
1994	211.7 million	Significant increase in obligations as South Africa moves toward and conducts elections in April 1994. Emphasis on voter education, election preparation, and human rights activities; generally obligated through COLD ($51.5 million); $78 million obligated to HIG for housing loan guarantees and $3 million to SBLPG for small business loan guarantees; STEP project obligation increases to $24.3 million, bringing total since 1990 to $98.4 million.

Political development projects received total obligations of $147.6 million, about 27 percent of total obligations. Of this, approximately $61 million was obligated in 1994 alone, almost triple the previous year's level, reflecting the Mission's major effort in support of the South African process of democratization. While most of the 1994 obligation funded the COLD project, $9.0 million was allocated to a new project, the Transition Support Fund, designed to fund activities to facilitate the transition to a democratic, free-market system.

Since 1986, the economic development sector has received $173.5 million in obligations (32.1 percent of the overall total), $153 million of which (88 percent) was obligated from 1992 to 1994. In 1994, the Mission's obligations in this sector totaled $111.3 million, $75 million of which—in accordance with the Reconstruction and Development Programme's (RDP's) major concern with the need for adequate shelter for the millions of South Africans currently living in crowded, substandard housing—was for housing loan guarantees. In addition, $3 million was obligated for small business loans guarantees under the SBLPG project. Since 1986, total obligations by project in this sector are $42.6 million for enterprise development (BPED), $35.4 million for housing (SUDS), and $17.5 million for Labor Union Training.

Figure 4 shows the Mission's combined program obligations, for 1986 through 1994, divided among sectors.

Figure 4
USAID/SA Program Obligations by Sector - 1986 to 1994

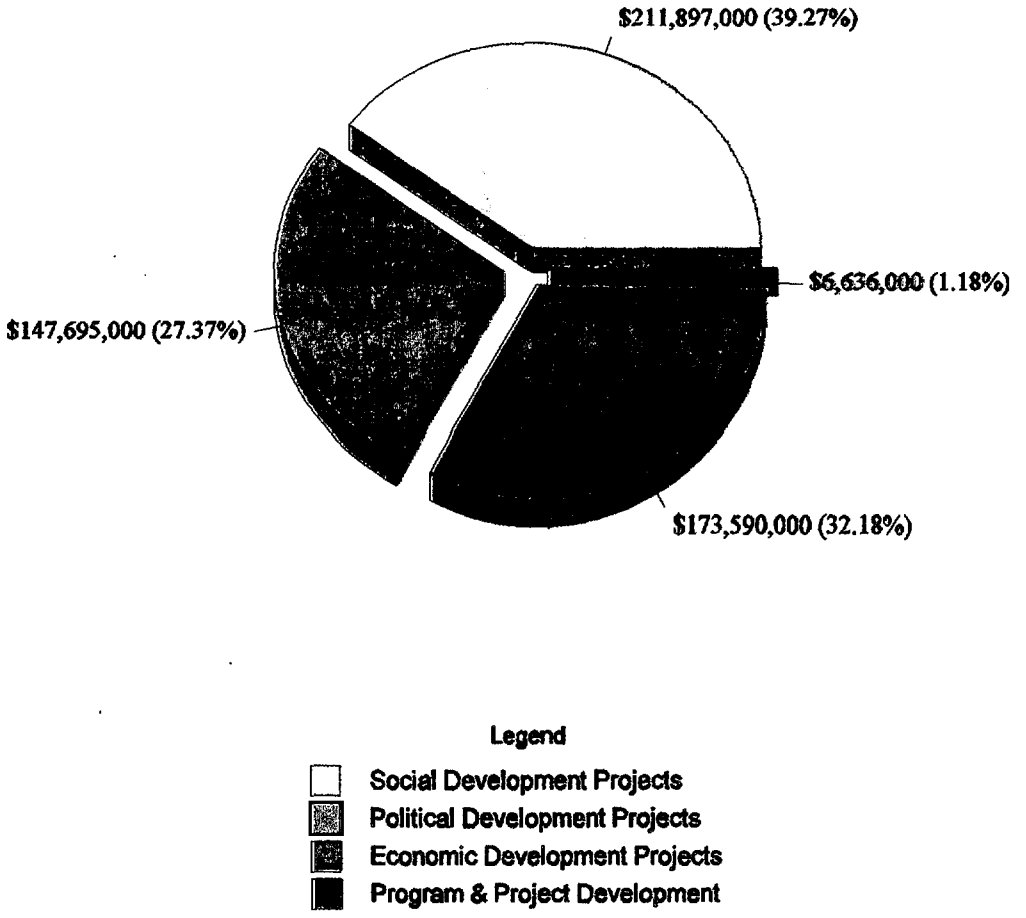

Table 2 presents the Mission's yearly obligations configured from a different perspective; it displays the number of obligations issued each year, disaggregated by whether funds for project activities were obligated to South African or to U.S. entities. In reviewing these data, it is useful to remember that obligations to U.S. entities often fund activities conducted in South Africa, such as technical assistance to NGOs involved in areas such as education or housing or technical support for South African political parties. Furthermore, in many instances, while funds are awarded to an American organization, activities are actually conducted from South African offices, utilizing primarily South African staff.

Table 2
USAID/SA Obligations Summary

Year	Total No. of Obligations	No. to South African Entities	No. to U.S. Entities	Average $ Obligation to S.A. Entities	Average $ Obligation to U.S. Entities
1986	285	282	3	$41,000	$737,000
1987	236	224	12	$54,000	$267,000
1988	228	217	11	$69,000	$927,000
1989	273	262	11	$81,000	$1,018,000
1990	261	250	11	$84,000	$1,036,000
1991	304	276	28	$80,000	$996,000
1992	427	388	39	$115,000	$874,000
1993	547	488	59	$113,000	$415,000
1994	497	432	65	$151,000	$815,000

Note: Numbers include repeat grants to individual organizations within a year as well as obligations for some internal Mission activities, such as the costs associated with the funding of Personal Services Contractors (PSCs) to serve as Mission staff. Also included are small obligations to conduct grantee audits and fiscal reviews.

Table 2 shows an overall increase in the number of USAID/SA obligations over time. If the nine fiscal years which comprise USAID/SA's program experience are divided into three 3-year segments, the first three years averaged 250 obligations per year; the next, 279; and the final three-year period, 490. As with the overall size of the yearly obligations, the data on the number of distinct obligations show a pattern of significant growth over time. They also show a substantial increase in the percentage of obligations to U.S. entities, particularly from 1991 onward. While U.S. organizations have always played some role in the South Africa program, during the Mission's first five years in South Africa, the percentage of obligations directed to U.S. entities varied between a low of 1.1 percent (three obligations) in 1986, the first year of the program, to a high of 5.1 percent (12 obligations) in the following year. This situation changed significantly following the major change in the South African political environment after President de Klerk's speech of February 2, 1990, which committed the government to dismantling

apartheid, freeing political prisoners, unbanning political parties, and moving to a democratic political process.

By the following fiscal year, 1991, obligations to U.S. entities constituted 9.2 percent, or 28, of the total obligations and, in 1994, amounted to 13 percent, or 65, of the total obligations. Clearly, U.S. organizations were becoming increasingly involved in the conduct of the program. Several factors account for this increase. In the earliest days, USAID/SA was itself struggling to secure contacts and acceptance in the anti-apartheid NGO community and within South Africa's complex, shifting, and often super-heated political environment. While U.S. contractors could play an important role in, for example, administering the U.S.-based scholarship project, they faced a number of constraints. For example, American policy sought to limit the number of U.S. Government and related personnel in South Africa, and the South African Government proved recalcitrant in the issuance of visas to U.S. personnel. The difficult political and social environment and delicacy of the Mission's position with the disadvantaged black communities also constrained the involvement of U.S. organizations early in the program.

With the post-1990 change in South Africa's political landscape came a major and sustained increase in U.S. organizational participation. Several factors contributed to this growth. First, with the changing political climate in South Africa and the growing and developing Mission program, there was an increased need for and possibility of providing technical support during the transition period leading up to the election. USAID/SA's program was becoming more diverse, engaging more technical areas (including HIV/AIDS education, housing and entrepreneurship), all of which required specific developmental expertise. The simple increase in the size of the program itself, and the involvement of many more South African NGOs, pointed to the need for, and the opportunity to utilize, U.S. expertise in the areas of technical assistance, program design and development, evaluation and audit, policy support, and training. The 18-month period immediately preceding the April 1994 election saw a particular flurry of U.S. organizational involvement in activities, including voter education and the provision of technical assistance to South African political parties.

On the U.S. side, the varied constituencies which comprised the anti-apartheid movement and were the impetus for the passage of the CAAA, following President Mandela's call for their ongoing involvement in the nation's reconstruction and development, were now mobilized for and interested in participating in the post-apartheid process. These "stakeholder" groups in the United States also continue to comprise a political base for USAID/SA, a constituency understanding and supportive of the Mission's program in South Africa. With the changed political climate, some of these groups now, too, sought to participate in the program.

Table 2 also includes the average dollar value of obligations to U.S. and South African entities during the period under evaluation. Two characteristics of these data are immediately apparent. First, the average value of obligations to South African entities has increased significantly, from $41,000 during the first program year to $151,000 during 1994. Average obligations to U.S. entities, however, have fluctuated, peaking at slightly more than $1 million during 1989 and 1990. Second, the average dollar value of obligations to U.S. entities has always been

significantly larger than that of obligations to South African entities during the same year. This difference reflects both the nature and number of obligations disbursed during a given year.

Over the years, the vast majority of obligations to South African entities have involved grants to various NGOs and community-based organizations (CBOs) to provide specific services to the beneficiary population of disadvantaged South Africans. Particularly during the early years, USAID/SA was providing grants to many small grassroots NGOs, whose administrative capacity to receive large grants was limited. In addition, many obligations for human rights activities were small, short-term grants to help defend political prisoners or provide support to oppressed communities. While larger grants were awarded to some national NGOs to conduct activities across the country, or to provide assistance to other community groups, the majority were aimed at supporting the delivery of primary services to victims of apartheid. Obligations to U.S. organizations, however, tended to be far less numerous, amounting to, at most, 15 percent of the yearly total and focused at the secondary levels of technical support to USAID/SA grantees or other NGOs, the administration of U.S.-based education and training, or the provision of policy assistance to the Mission.

Since 1992, there has been a marked increase in the average value of Mission obligations to South African organizations, reflecting both a decrease in the frequency of human rights-related small grants in light of the changed political climate and the proven capacity of a number of South African NGOs to administer and conduct effectively large multisite primary services activities (and to coordinate secondary level activities, such as the provision of technical support, policy analysis and program evaluation). Whereas during the program's first six years, the average value of Mission obligations to U.S. entities was more than 12 times greater than that of obligations to South African organizations, during the most recent three-year period, 1992 through 1994, that ratio had decreased by more than half, with obligations to American organizations valued at about five times that of obligations to South African organizations.[5]

C. Mission Staffing

The significant growth of USAID/SA is also reflected by the figures concerning Mission staffing presented in Table 3. In this table, Mission staffing levels are presented by year and disaggregated in terms of whether the staff are U.S. personnel or South African Foreign Service Nationals (FSNs). U.S. personnel are categorized as either U.S. direct hires, essentially career USAID employees, or personal services contractors (PSCs), under specific contract with the Mission to provide services for a defined length of contract.

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[5] During the evaluation interviews and site visits to South African grantees, a number of respondents raised the issue of Mission obligations to U.S. entities. Many expressed anger or bemusement at what they regarded as the diversion of funds to U.S. groups. Others expressed concern that U.S. organizations, with what they perceived as little knowledge or expertise regarding South Africa, were being "imposed" on the NGO sector and saw this as an issue of the rewarding of powerful U.S. constituencies rather than of the Mission having a true concern for the developmental needs of South Africa. Other grantees, however, expressed appreciation for the assistance which they had received through U.S. organizations and for the opportunity to network and develop linkages with American groups.

Table 3
USAID/SA Staffing Levels*

Year	U.S. Direct Hires	U.S. Personal Services Contractors	U.S. Total	South African Hires (FSNs)	Total Hires (U.S. and South African)
1986	2	0	2	0	2
1987	7	4	11	5	16
1988	7	4	11	9	20
1989	8	5	13	17	30
1990	10	5	15	17	32
1991	11	7	18	25	43
1992	22	9	31	31	62
1993	24	13	37	60	97
1994	30	18	48	72	120

* Data provided by USAID/South Africa

After a start-up period in 1986, in which the Mission operated out of the U.S. Embassy with a staff of two, by 1987 USAID/SA had a total staff level of 16, including five South Africans FSNs. Seven years later, in 1994, that staff had grown seven-and-one-half times, to 120, of whom 72 (60 percent) were South African FSNs. This substantial growth reflects a Mission which was engaged in ongoing outreach and consultation in the field, administering a rapidly increasing program and launching new projects and activities as quickly as the evolving political context would permit. On strictly numerical terms, however, the level of staff growth does not keep pace with the growth curve for the obligations level, which, from 1987 to 1994, increased by a multiple of 14. Even if one were to exclude the funds obligated in 1994 through the Housing Investment Guarantee (HIG) and Small Business Loan Portfolio Guarantee (SBLPG) project, for which the Mission must assume administrative and technical responsibility, the growth in obligations still exceeds the rate of growth of staffing.

But this is not the whole picture. As the Mission grew and assumed increasingly diverse responsibilities, its staff became increasingly specialized and its structure more technically

differentiated and hierarchically integrated. In order to administer the increasing load of obligations, as well as to conform with AID/W's administrative requirements, new management, supervisory, and operational structures were organized. For example, in April 1994, the month of the South African election and the final month of this evaluation period, the Mission had, for example, created a Program Office of six staff; a Payment Processing Division of four Voucher Examiners, a Financial Assistant, and a Supervisory Voucher Examiner (all required to handle the volume of vouchers arriving in the Mission each month); a Data Management Office of two; and a General Services Office of 21 staff, responsible for Mission physical infrastructure, maintenance, and transport. Further, the requirements of the post-apartheid transition call for greater specialized technical skills in areas such as housing finance, educational economics, and health. In addition to this evolution from generalist to specialist, the potential for the increased use of intermediary, or umbrella, grantees, along with the new environment in which Mission personnel will be conducting both bilateral negotiations and project development with South African government representatives all point to a new, more differentiated staffing structure.

Within this new context of political and social transition, as USAID/SA grows, it will need to utilize a significant portion of staff resources in technical specialties and for administration and internal maintenance to support program operations. While the Mission is considering ways in which it can alleviate the staff workload, it seems fair to conclude that throughout the period of this evaluation, the USAID/SA staff were placed under an extraordinary burden. Unless program funding levels are drastically reduced or staffing levels significantly increased, it appears certain that USAID/SA will need to refine its staffing pattern and initiate operational changes to enable it to manage the size and technical demands of its projects effectively.

In considering the pattern of Mission staffing, Table 3 also points to the significant role played by the South African FSNs. By 1989, the number of South African FSNs had grown to 17, exceeding by four the number of U.S. staff. Since that time, the number of FSNs has grown each year, always equalling and usually exceeding the total number of U.S. personnel staffing the Mission. In 1994, the 72 FSNs represented 63 percent of the Mission's 120 total personnel, serving in technical, support, and professional staff positions.

As the staffing numbers indicate, South Africans have occupied a significant place in the conduct and operations of USAID/SA. But their value and importance to the Mission exceeds their simple proportion in the Mission workforce. From the start, the FSNs have played a critical "boundary" role, assisting the Mission in understanding and working effectively within the complicated and rapidly changing context of South African politics. The Mission's U.S. staff and leadership quickly came to recognize their importance and to rely upon the FSNs for networking, outreach, and help in understanding issues and avoiding embarrassing mistakes. As our interviews revealed, in many respects, these South Africans played a pivotal role in enabling the

Mission to gain credibility and acceptance among black South African activists and community leaders who had been quite suspicious of and opposed to U.S. assistance.[6]

The extensive use of FSNs and their consultative link to the disadvantaged communities also served as a clear demonstration of USAID's commitment to work in partnership with South Africans and to ensure that their perspectives informed its operations. Through its employment of a predominance of black South Africans as FSN staff, the Mission also gave evidence of its commitment to actively work with the victims of apartheid and to build a staff reflective of all of South Africa's populations. In this regard, USAID/SA served as a model of a workplace in which members of the nation's differing groups could work in concert, demonstrating a process for achieving diversity only now coming into fruition in many South African organizations.

The FSNs were faced with the challenge of serving simultaneously as communication links, interpreters of events, networking facilitators, and voices of the disenfranchised. They needed to learn rapidly USAID policies, terminology, and procedures and to help the Mission devise an approach for effectively implementing the CAAA objectives through concrete programming. And, in addition to the extraordinary workload confronting all Mission staff, the FSNs had to contend with concerns and suspicions within their own communities about the appropriateness of their employment with USAID. The FSNs faced these challenges with extraordinary grace, intelligence, maturity, and professional competence, demonstrating dedication to their work and to the achievement of the shared goals of the CAAA. As USAID/SA faces the uncharted waters of the new post-apartheid South Africa, launches new projects, establishes bilateral relations with the Government of National Unity, and redefines its relationship with its "traditional" constituency of NGOs, the role of the South African FSNs remains as critical as ever.

D. Conclusions

The financial and human resources data presented above represent only an initial and bare-bones portrayal of the evolution of the USAID/SA program, but as paleontologists and students of anatomy have demonstrated, "much can be gleaned from old bones." If we simply "follow the money," we find a program that has undergone a process of extraordinary growth over a relatively short period, a dynamic rate of change which places inevitable stress on any organization. It is also worthy of note that after the first two program years, the percentage of funds awarded to U.S. organizations had risen to an average of almost 40 percent of the total obligations. While a significant portion of these funds are spent in South Africa, and often pass through American organizations to South African entities, the financial data reveal that American groups have a significant stake in the program. The program has evolved over time, with major activities in the economic development and housing areas being added to the Mission's initial emphases on human rights, community development, and education. Finally, a picture emerges

[6] One research study conducted in South Africa, in 1986 to 1987 concluded, based on interviews with 93 black South African political activists of varying political affiliation, that there existed "overwhelming hostility to U.S. policies toward South Africa and a consequent, very broad sense of growing and deepening disappointment and resentment toward the United States (David Hirschmann, "Reagan's Impact on Black South African Attitudes," *Transafrica Forum* [Winter 1991/1992]: 80).

of a program that seems able to shift its allocation of funds from year to year in response to the rapidly changing South African context, for example, in 1994 funneling significant resources into grassroots voter education and supporting the systems and infrastructure necessary for conducting a national election. It is to this issue of programmatic growth, change, and evolution that we now turn.

II. CHRONOLOGY

Set within one of the world's most closely watched and rapidly changing contexts, and given the responsibility by U.S. law to play a role in that developing process, USAID/SA is an organization which has evolved significantly since its formal establishment in South Africa in 1986. The chronology presented below represents one way of categorizing this evolution that is useful in understanding and presenting the evaluation material that has been collected. It divides the eight-year experience considered in this analysis into three conceptually distinct periods, which also correspond to the tenures of the three Mission Directors who led USAID/SA during this time. They are the "early years" (1986 to 1987), Timothy Bork; the period of "consolidation and expansion" (1988 to 1991), Dennis Barrett; and the "transition period" (1992 to 1994), Leslie "Cap" Dean.

A. The Early Years (1986 to 1987)

USAID/SA's first two years were characterized by a foundation-like method of operation. Many likened its activities to those of the Ford Foundation, in terms of style and focus. The program disbursed many small grants, and USAID/SA's personnel focused on conducting dialogues with members of the community and on building bridges to groups and individuals in the black community who were actively resisting apartheid.

By 1986, the South African NGO sector had grown to an estimated 50,000 or more organizations[7] and was a critical, militant component of the struggle against apartheid. The NGO sector included a broad proliferation of grassroots, activist anti-apartheid community-based organizations (CBOs), many of which were affiliated with banned political organizations. Operating within South Africa's oppressed black communities, these groups combined political activism, advocacy, and service delivery and constituted an alternative to the structures of the state. South Africa also harbored a community of established, "traditional" NGOs that offered health, cultural, and social services. Many of these organizations had become sensitized to, and to some extent involved with, the massive process of struggle and resistance within the black communities. A number of these traditional NGOs were large, national organizations with established administrative and operational infrastructures and ties to national and international donor agencies, critical resources which the CBOs usually lacked.

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[7] Steven Friedman, "Non-governmental Organizations: Their Nature and Prospects," Resource Document, *Conference on Stabilizing Democracy in South Africa: The Challenge of Post-Apartheid Development* (Johannesburg: Centre for Policy Studies), Sec. N.3, 1.

The South African Government was aware of the challenge that the evolution of the NGO movement represented and attempted to control the activities of NGOs and CBOs[8] with legislation such as the Social Welfare Act and the Fund Raising Act, which not only required that groups register with the Government in order to raise funds from the public legally or to get tax-exempt status, but which also attempted to regulate the racial composition of boards of trustees and the freedom of groups to provide services where they chose.[9] The emergence of this increasingly organized network of NGOs, functioning not only in opposition to but actually in lieu of government, thus became a critical nexus of the anti-apartheid struggle. In a 1988 interview in the *Washington Times*, then President P.W. Botha remarked: "It's subversive to create alternative organizations in South Africa for the education of people, for local government, for proper economic development."[10] It was precisely their anti-apartheid militancy, effectiveness in providing services to the disadvantaged, and genuine subversiveness that made such popularly supported NGOs the perfect vehicles through which USAID/SA could operationalize its mandates under the CAAA.

USAID/SA's first director formally established the Mission in South Africa in June 1986, following preparatory work by USAID/W and with support from the Regional Legal Officer, Edward Spriggs.[11] This advance work, and the Ford Foundation's existing network of grantees, provided an initial base from which the Mission was able to begin to build a consultative and working relationship with South African NGOs and anti-apartheid organizations. However, USAID/SA personnel struggled during the initial months against a backdrop of increasing tension and volatility, with the imposition of a State of Emergency in South Africa in June 1986. Within this context, discussions took place in the U.S. Congress, Department of State, and USAID concerning the advisability of offering assistance to South African anti-apartheid organizations and the relationship of such aid to the question of U.S. sanctions. Such discussions led many black South Africans to mistrust U.S. policy. In addition, many South Africans also opposed U.S. policy toward Angola and Nicaragua and, therefore, were suspicious of American intentions in South Africa. Some activists in the United Democratic Front (UDF), a major coalition of community and anti-apartheid organizations generally affiliated with the ANC, believed that

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8 Most observers have sought to distinguish between NGOs and CBOs. CBOs are, by definition, grassroots organizations; they tend to be less formally structured, smaller, more locally based and closely linked to community structures (e.g., church groups, women's income-generating cooperatives, cultural groups, burial societies) than are other NGOs, particularly those with a national scope. For a discussion of the terminology used to categorize South African community organizations, see Shirley Walters, *Continuity and Change in Community Organizations*, Cape Town: CACE Publications, 11-13. In recent years there have been a number of categorical schemes proposed through which to classify South African NGOs. Friedman ("Non-governmental Organizations," 2-3), for example, offers a five-category taxonomy: mainstream; grassroots apolitical; mainstream, apartheid-specific; formal human rights; and alternative political. David Plank, et. al. (*South Africa: Training for Employment Concept Paper*, prepared for USAID/SA [Academy for Educational Development, Washington, D.C.], 57-60) present a four-fold typology of youth service NGOs: small, community-based organizations; traditional social services NGOs; post-1990 development agencies; and "reformed" parastatal organizations.

9 For a succinct presentation of the various laws enacted by the South African Government to attempt to control and inhibit the growth of anti-apartheid NGOs, see Geoffrey Budlender, "Response to Questionnaire: South Africa," in *The Role of Voluntary Organizations in Emerging Democracies*, ed. A. Micou and B. Lindsnaes, Pub. No. 39 (Danish Centre for Human Rights), 92-93.

10 *Washington Times*, March 14, 1988, B8.

11 Mr. Spriggs is currently Mission Director of USAID/Namibia.

USAID was in reality a CIA front, and, thus, initially engendered great suspicion about the Mission.

In the debates and discussion on the issue of U.S. sanctions prior to the passage of the CAAA legislation, some U.S. and South African constituencies perceived the possible provision of significantly increased U.S. financial assistance to South African NGOs as either justifying continued economic ties or as undercutting the sanctions movement, depending on one's point of view. The enactment of the CAAA however, legitimized the concept of a two-pronged U.S. strategy: sanctions on the one hand and assistance to the anti-apartheid movement on the other.[12] In view of the grassroots politics in South Africa at the time, it seems safe to conclude that if the CAAA had not contained provisos for economic and other sanctions, the already formidable task of encouraging South African anti-apartheid organizations to accept Mission assistance would have been considerably more difficult, if not impossible.

In addition to the challenge of overcoming widespread suspicion within black communities of accepting U.S. assistance, the USAID staff in South Africa perceived the U.S. Ambassador, Herman Nickel, as skeptical of the benefits of the program and not fully supportive of it in terms of facilities and resources. A significant change in atmosphere occurred within the Embassy when, in November 1986, Ambassador Nickel was succeeded by Edward J. Perkins, the first African-American U.S. Ambassador to South Africa. With the enactment of the CAAA on October 2, 1986, U.S. policy and the goals and role of the USAID/SA program became clearly articulated. Ambassador Perkins was perceived by the USAID/SA staff as being enthusiastically supportive of their program, and he provided much assistance in helping the Mission to build constructive relationships with members of the black community. With new legislation and a new, supportive ambassador, USAID/SA was able to embark on its program of assisting in the struggle against apartheid and providing aid to apartheid's victims.

Trust within the black community grew very slowly during the program's initial years. The majority of early grantees were associated with the Black Consciousness Movement (BCM). In part, this was because the BCM tended to engage in community development programs rather than in political organizing and activism. However, it was also because the UDF groups were suspicious of the United States' political motives and did not immediately reach a consensus on accepting assistance. In highly radicalized regions such as the Eastern Cape, it took two or more years of effort before the UDF-aligned leadership would even meet with USAID/SA representatives. In a February 1988 interview with the American academic, Tony Marx, UDF activist, Cassim Saloojee, reported that while funding from western donors to the UDF and related "Charterist" organizations (i.e., ANC-aligned groups, supportive of the Freedom Charter) had doubled since 1985, the UDF affiliates would not accept funding from the Reagan administration.[13] In discussing this issue, USAID's 1988 *South Africa Program Strategy* forthrightly observed that "the fact that most active anti-apartheid organizations in the Western

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[12] Robert Price, *The Apartheid State in Crisis: Political Transformation in South Africa, 1975-1990* (New York: Oxford University Press), 234.

[13] Anthony Marx, *Lessons of the Struggle: South Africans' Internal Opposition, 1960-1990* (New York: Oxford University Press), 140.

and Eastern Capes have associated themselves with the UDF has . . . required that our programming in these areas evolve slowly in parallel with slowly softening attitudes toward U.S. funds."[14]

During these early years, USAID/SA personnel were constantly in the field, responding to recurring crises and rapidly changing circumstances in oppressed communities across the country, meeting and consulting with as wide a spectrum of anti-apartheid groups as they could, and, when appropriate, encouraging these groups to consider grant support from the Mission. Within the delicate, politically charged atmosphere in which they conducted these activities, the Mission often turned to the Embassy for counsel and generally deferred to it in matters which had policy implications. But, in comparison to operations in other USAID Missions, USAID/SA staff had an unusual degree of freedom and responsibility to implement their program creatively in this pressured, rapidly changing environment.

As a component of a "donor" agency, USAID/SA's principal means of implementing policy is through the provision of funding to groups and individuals who conduct activities in accordance with the program's objectives and focus. But while the CAAA clearly mandated support for organizations representing and led by members of those communities victimized by apartheid, the necessity of ensuring that these entities effectively used and adequately accounted for these monies placed USAID/SA on the horns of a dilemma which affects the Mission to this day. Among apartheid's most pernicious consequences was its conscious denial to black communities of the opportunities to develop individuals and institutions with significant technical and managerial proficiency and experience. In apartheid's grand scheme, technical and professional know-how was to be vested solely in the minority white population, making it solely qualified to maintain power and run the nation. This policy, coupled with Government harassment and arrests, had left many black townships bereft of NGOs with strong, proven administrative and financial management capabilities. While the grassroots-level struggle engendered the formation of many activist NGOs that actively confronted the state and delivered services to their communities, the requisite expertise in grants management, administration, and program evaluation could be most easily identified in the white liberal NGO community. The challenge for USAID/SA was to find a programmatic course which would enable it to fulfill three critical, yet at times seemingly contradictory, mandates: to fund activities which would produce tangible services and benefits to apartheid's victims; to help build black leadership and enhance the organizational capacity of often fledgling and embattled majority-directed NGOs; and to ensure that grants and contracts were competently and efficiently administered, in accordance with the Mission's responsibilities for stewardship of U.S. public funds.

Thus, in order to make deserving and appropriate CBOs "grantworthy," USAID/SA had to work with community leaders to help them develop their organizations' first formal management and administrative systems. USAID/SA also funded accountants and other professional support services to build organizational capacity. Capacity building not only enabled grantees to advance the struggle, but also, through their improved capacity to administer and to formally report on

[14] U.S. Agency for International Development, *USAID South Africa Program Strategy*, "Program Strategy Statement" (Washington, D.C. June 1988), Vol. I, 52.

their organizations' operations, it also provided protection against the Fund Raising Act and other efforts by the South African Government to destroy the anti-apartheid NGO sector.[15]

During the early period, USAID/SA personnel were determined not to act as "kingmakers;" they focused on assessing groups' legitimacy in the community and their effectiveness in advancing the fight against apartheid through peaceful means, as well as on the potential strategic impact of USAID/SA's assistance. Mission staff were also concerned with avoiding what South Africans report is a common pitfall of would-be American allies, namely, assuming that they "know the answer" and, consequently, failing to listen to the grantee community. Early relationship-building activities and methods of making grants were labor-intensive (and results often hard to track), but USAID/SA personnel believed it was a necessary investment in order to establish the knowledge base, the credibility, and the contacts to enable the Mission to launch substantial programs of assistance. This opinion is broadly supported by South Africans knowledgeable about or involved in these activities.

Under the guidance of the CAAA, USAID/SA's task was to empower leaders in the black community through direct access to resources. The Mission Director's "commandments" were first, to listen and not to talk, and second, to seek out black groups, and to do so actively. USAID/SA personnel believed they needed to identify, assist, and support the development of a group of black intermediaries who could be credible to donors as well as to black communities. While USAID/SA's efforts contributed to this process, some personnel believe they could have done a better job of building the capacity of certain key groups in the early years.

During these early program years, the Mission did not judge the use of U.S. intermediary groups to assist with activities in South Africa to be a generally viable option. The environment in South Africa was extremely volatile and complex, and efforts to build USAID/SA's credibility were extremely fragile. Mission personnel, therefore, felt that they, not hired contractors, should build the necessary relationships. The participation of South African FSNs as integral members of the staff certainly facilitated this process. In addition, Mission staff believed that there existed within South Africa a sufficient level of technical competence in most spheres to reduce the need for traditional outside technical expertise.

At times, efforts to establish relationships and build credibility within the black community were at the expense of the goodwill of the white liberal establishment, which felt that its contribution and capacity were being ignored by USAID/SA. However, white-led NGOs did not always seem to be sufficiently committed to affirmative action and, therefore, in the interests of focusing on the mandate of black empowerment, USAID/SA concentrated on groups that it perceived as more firmly rooted in the black community.

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[15] In discussing the remarkable growth and elaboration of township NGOs in the 1980s, U.S. political scientist Robert M. Price observed that "...this rich labyrinth of associational life constituted, by mid-decade, the organizational foundation for a sustainable, multi-class, nationwide movement of liberation." Ironically, the ubiquitous development of committed, anti-apartheid community structures was, in part, an inadvertent consequence of the government's ill-fated and half-hearted attempt at co-optative reform (Robert M. Price, *The Apartheid State in Crisis: Political Transformation in South Africa, 1975-1990* [New York: Oxford University Press, 1990], 160).

Significant congressional interest and a relatively high public profile had both positive and negative effects on USAID/SA. The benefits included protection from USAID/W and Department of State hierarchies that Mission staff perceived as being generally opposed to the goals and activities of the USAID/SA program. The costs included extensive early reporting requirements, but these were seen to be well worth the additional work to the personnel in South Africa. USAID/SA personnel from this era tend to agree that the program's high profile led to a rate of annual funding increases that was too steep to be easily absorbed or optimally utilized by the Mission. The rapid increase in funding after the first two years of operation is seen by the initial Mission staff as responsible for many changes in the program, for example, an increased use of U.S. intermediaries and a larger number of grants to large, more established NGOs. In addition, as the number of grants increased, the staff's capacity to nurture individual relationships with grantees declined. All of these changes led to criticism from grantees and other members of the South African community.

Aspects of the CAAA and the Foreign Assistance legislation also emerged as obstacles to USAID/SA. A legislative cap on the level of each Human Rights grant prevented USAID/SA from supporting work that it believed would advance its mission. The blanket prohibition on commingling U.S. monies with those of the South African Government prevented USAID/SA from granting funds to any formal educational institutions (i.e., universities, technikons, and public schools, even those serving black populations). While there was not unanimity on this issue, some USAID/SA personnel believe that it might have been constructive to provide assistance to these institutions and that the CAAA mandate, in this regard, was overly restrictive (noting, too, that it also became increasingly difficult to absorb the increasing level of funds solely within alternative education activities). The supplemental $10 million allocated by Congress in 1991 to assist in the development of the capacities of the ANC and the Inkatha Freedom Party (IFP) is a later example of congressional involvement that was surrounded by controversy, highlighting the negative side of the high profile of the South Africa program.

One of the most visible achievements of the early years was the support that USAID/SA provided to the defense of political activists whom the South African government was prosecuting for treason. USAID/SA's contribution to the defense in the Delmas trial (in which a large number of activists, including now Provincial Premiers, Popo Molefe and Patrick Lekota, were prosecuted) is gratefully remembered by many in South Africa, including the defendants, who were ultimately acquitted, albeit after months in jail awaiting trial. Ambassador Perkins' presence in the courtroom during the proceedings was widely seen as a further demonstration of American commitment and support. Other key work in the early years included building the nascent civic associations' capabilities and developing networks of community advice centers, as well as supporting the development of alternative education models in the community.

B. Consolidation and Expansion (1988 to 1991)

The consolidation and expansion period was marked by dramatic increases in funding, with program obligations doubling in size, from $25.3 million in 1988 to $50 million in 1991. As funding levels increased, so did the number of larger grants to frequently white-led, more

established NGOs, an increased use of traditional USAID project design processes and more contracts and cooperative agreements with U.S. intermediaries. In late 1988, Timothy Bork concluded his term as USAID/SA Mission Director, and Dennis Barrett assumed the post. In his role as Mission Director, Mr. Barrett worked much more closely with the Embassy and the State Department than had his predecessor.

In addition to the increase in the level of program obligations, the consolidation and expansion period witnessed a significant growth in Mission staffing levels. As discussed earlier, the burden of obligating significantly larger sums of money strained USAID/SA's established, foundation-style method of operation. The staff was under great pressure to identify sufficient numbers of community-based, black-led groups that would be able to use the funds effectively. Larger NGOs thus gained share in the portfolio, as did U.S.-based contractors and PVOs. Many USAID/SA staff members from these years thought that relationships with grantees suffered as the result of these changes, and this impression is confirmed by many grantees.

This was a period of monumental change in South Africa. Throughout 1989, there were indications that the South African Government would take an entirely new approach to governance. The Government began to prepare explicitly for sharing power with the majority population in a transitional period designed to ease the way to majority rule. The combination of increasing grassroots resistance—leading to the ungovernability of the black communities—and international pressure and isolation had finally paved the way to a new way of thinking. This wave of change culminated in the release of Nelson Mandela from prison in February 1990. During this period, the NGO/CBO community slowly began to shift its perspective from one of resistance to one of reconstruction and development. This proved to be a difficult and ongoing transition; many organizations fell by the wayside as they attempted to define a role in the context of a society governed by a legitimate democratic government.[16]

USAID/SA's position during the years of consolidation and expansion was most clearly articulated in its June 1988 *South Africa Program Strategy*.[17] This document represents the most extensive analysis produced by the Mission during this period and includes overviews of each program sector as well as a specific strategy for each. The *South Africa Program Strategy* defined USAID/SA's overall program goals as helping, through peaceful means, to end apartheid and as promoting the creation of a nonracial, democratic South Africa. The document acknowledged the difficulty of measuring success in these terms, given the complexity of the environment and the fact that, at best, USAID/SA would only enhance the capability of individuals and groups capable of attaining these ends. Nevertheless, the document focused on seven objectives acknowledged to be "explicitly political." These objectives were to:

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[16] For the remainder of the period under evaluation (until April 1994), the NGO/CBO sector continued to struggle with this process of changing identity. The debate continues today, as the Government of National Unity and NGOs debate their respective roles and attempt to define their relationship, particularly regarding the implementation of the RDP, South Africa's blueprint for overcoming the societal legacies of apartheid. This period, thus, was fraught with confusion and ambiguity. USAID/SA responded by continuing to support the groups which had developed significant capacity to define a meaningful role through the transition period and into the future.

[17] U.S. Agency for International Development, *USAID South Africa Program Strategy*.

1. Empower South Africans to Seek Apartheid's Demise . . .

2. Build Black Individual, Institutional, Professional and Leadership Capabilities . . .

3. Promote Black Economic Power . . .

4. Support Democratic Practices in Nongovernmental and Community Structures . . .

5. Foster Dialogue and the Free Flow of Information . . .

6. Support Planning for the Process and Substance of Governance in a Nonracial Democracy . . .

7. Build Bridges with the Victims of Apartheid . . .[18]

These seven program objectives were supported by specific objectives in each of five areas of activity:

1. Human Rights—Provide relief to victims of violence, support nonviolent resistance to apartheid, and assist in the development of political alternatives.

2. Education—Expand the cadre of educated black leaders and create and test alternative education models.

3. Black Private Enterprise Development—Help blacks assume a larger role at all levels of the economy and expose blacks to free-market mechanisms as a positive model.

4. Labor—Strengthen the economic and political power of black labor organizations.

5. Community Outreach and Leadership Development—Empower black communities.[19]

The principles outlined in the *South Africa Program Strategy* included a profound commitment to broad and sustained consultation with all relevant groups in the community. This consultative agenda was crucial in enabling USAID/SA to maintain ongoing contact with and knowledge of the stakeholder community it was mandated to serve under the CAAA. It also allowed the Mission to track rapidly evolving events as they occurred better. A consultative process was also imperative in that extended consultation had become a defining hallmark of the South African

[18] Ibid., Vol. I, 9-11.

[19] Ibid., 11-12. Also see Vol. II.

democratic opposition. Subjected for generations to the arbitrariness of oppressive regimes, South Africa's black communities properly insisted on input and dialogue around decision making, often adopting a broadly participatory, consensual process which enabled all to voice their views, but frequently at the price of a timely resolution of the issue at hand. USAID/SA's understanding of this process and its willingness to engage black South Africans on their own terms marked an extraordinary departure from the usual way in which USAID Missions interacted with beneficiaries. As many South Africans interviewed for this study noted, these were necessary conditions for the creation of a viable program.[20] However, the consultative process was also extremely labor-intensive and often prolonged.

This style of consultation, interaction, and dialogue also characterized the Mission's process for awarding grants. Rather than require community groups to compete for grants for predefined activities and specific programs, it encouraged them to submit proposals presenting their own ideas for activities which would be funded under the rubric of various USAID projects. This resulted in a tide of unsolicited activity proposals flooding the Mission at all times, a process which expanded USAID/SA's knowledge of and outreach into the townships and indicated its accessibility and openness to new ideas, but which also challenged the capacities of a finite staff.

In order to control the proposal review function and ensure evenhandedness, the Mission initiated a standard grant selection process that followed clear, if general, criteria. First, the proposed activities had to address at least one of the assistance objectives presented above. Second, potential grantees had to be NGOs that enjoyed broad community support, pursued peaceful means to their objectives, were nonpartisan, and would provide the funded services regardless of the political affiliation of potential beneficiaries. USAID/SA project staff reviewing the proposals would assess the proposed activity's utility and technical merit and determine if it reflected basic democratic values. The grant review process also considered the proposed activity's symbolic importance,[21] effectiveness, short-term payoff, "multiplier" effect, and potential for replication. Financial and management criteria were also considered, including an examination of the proposed budget in the context of other sources of income and viability, the organization's ability to maintain sufficient financial accountability, and the organization's "absorptive" capacity (its ability to sustain relevant aspects of the activity). Finally, USAID/SA's ability to take on the management burden of the proposed grant was also assessed. If a potential grantee lacked some of the necessary administrative systems yet had the potential to conduct activities relevant to USAID/SA's program objectives, institutional-strengthening technical assistance was provided, either through USAID/SA or, later, through technical assistance contractors.

In addition to reviewing individual applications, USAID/SA staff strove to avoid the appearance of political bias toward any group within the anti-apartheid movement. In adherence to the

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[20] In a 1986 "guide for American donors," Michael Sinclair states that "the key to the legitimization and acceptability of any undertaking is an extensive process of consultation with recognized black leaders, as well as respected black political and community organizations" (Michael Sinclair, *Community Development in South Africa: A Guide for American Donors* [Washington, D.C.: IRRC], 15).

[21] For example, a small grant in support of victims of human rights violations could, at times, prevent the abuse, establish legal precedent, or at least serve as a heartening symbol of concern and support for those subjected to the vagaries of apartheid's oppression.

CAAA's mandate on building capacity and leadership within South Africa's legally disadvantaged communities, staff focused on identifying appropriate black-led NGOs, but where this was not possible, groups whose white leadership had credibility within the black community were considered.

A further issue that was considered in selecting grantees was geographic balance. While the Mission had always aspired to an equitable geographic distribution of funding and an urban-rural split (an issue which also affects the gender of beneficiaries, since many rural areas have disproportionate populations of women), as of 1988, the majority of funding had been in the Transvaal, particularly in the Johannesburg area. However, an attempt was under way to extend consultation beyond the Transvaal to other regions.

In this period, then, USAID/SA, while expanding its use of U.S. intermediaries, also continued to pursue the basic outreach and consultative approaches characteristic of the "early years" and consolidated and institutionalized their administrative processes and technical requirements. But, as noted above, this approach, while necessary and appropriate, was extraordinarily labor-intensive, requiring ongoing dialogue and consultation to be effective. Added to this was the sensitivity needed to address the potentially explosive issues of partisan politics, race, geographic distribution, and gender equity.

With the substantial, usually yearly increases in funding, a predictable stress was placed on the very qualities which were the strengths of the program—the ability to take the time to consult, to reach out and find the small black-led NGOs that could benefit from Mission funding, and to respond rapidly to communications from the field—despite the increase in Mission staff levels and to changing conditions. Grantees began to find that the Mission was taking longer to answer phone calls, letters, and even required reports and that grant payments were often delayed. Some black-led CBOs began to feel that the Mission favored the "white liberal" NGOs, which often offered the expedient of proven, in-place accounting and program administrative systems, thus requiring less technical assistance from USAID/SA. In short, despite the USAID/SA staff's dedication and commitment to the CAAA, and despite increasingly generous funding levels from the U.S. Congress and wider acceptance within South Africa's black communities, like many of its rapidly growing grantees, USAID/SA itself encountered severe absorptive capacity issues.

C. Transition Period (1992 to 1994)

The most recent period was characterized by continued delays in the Convention for a Democratic South Africa (CODESA) negotiations for an end to white minority rule and by turbulence and violence throughout the country as groups jockeyed for power leading up to the elections.[22] Legislation passed by Congress in 1993 changed the terms of USAID involvement in South Africa, banning assistance to groups that had not renounced violence, but otherwise

[22] An informative "inside" account of this process can be found in A. Sparks, *Tomorrow Is Another Country* (Sandton, South Africa: Struick Book Distributors, Trade Division, Ltd., 1994).

explicitly supporting and expanding USAID's mandate to assist in the transition to democracy. USAID continued the process of building relationships with the individuals who would likely influence the development of the country. Its mission became more clearly oriented toward addressing longer-term economic and social problems, although funding for political activities continued to be substantial throughout the period. This is particularly true of the months leading up to the elections, when USAID provided assistance to many groups working on voter education and other preparatory electoral work.

As described earlier, during this period the program continued to grow dramatically, by 58 percent (from $50 million to $79 million) between 1991 and 1992, then remaining almost level in 1993 before again increasing significantly, by 165 percent (to $211.7 million) in 1994. The transition period is marked by a number of large contracts with U.S. entities, particularly for housing and voter education activities, both of which were new initiatives.

Faced with the challenge of shaping a program which would remain congruous with the CAAA objectives and responsive to the rapidly changing dynamics of South Africa's post-apartheid transition, the Mission conducted staff retreats in October 1991 and 1992, the start of the U.S. Government's fiscal year. After the 1992 retreat, and based on the input, discussion, and debate that had occurred, Leslie "Cap" Dean, who had succeeded Dennis Barrett as Mission Director in June 1992, wrote a staff memorandum in December 1992 describing the program areas slated for particular emphasis and an approach to training priorities, to administering grants, and to outside coordination.

The five program areas presented in the memorandum were the Private Sector, Public Administration/Governance, Economic Management, Violence Mitigation, and Transition to Democracy. Training priorities were to shift from long-term to short-term preparation for governance and NGO/CBO capacity building. The remaining long-term training was to focus to a greater degree on economics and public administration.

Mission Director Dean defined USAID/SA's major priority within training activities as "doing more to support and work through black-led groups and to encourage affirmative action in white-led groups." In addition, he proposed to reach out more actively to African-American organizations to facilitate their participation in USAID/SA's activities. From an administrative perspective, USAID/SA staff were encouraged to make more grants in the first quarter of the fiscal year and work toward achieving a "rolling" grant process, one that would review proposals and obligate funds throughout the fiscal year, rather than bunch them toward the end. Staff were to reach out to black South Africans in internal hiring and increase the role of FSNs in program development and management. Another, related objective was to improve the orientation for local staff so that they would have a fuller perspective on USAID's mission and approach. Finally, the memorandum emphasized the importance of collaborating with other parts of the U.S. Mission and with other donors, not only in terms of sharing information but also in terms of coordinating programs at the sectoral level.

This memorandum was followed, in March 1993, by the *USAID/South Africa Strategy Concept Paper*,[23] which was the first comprehensive strategic document presented to Washington by the South Africa Mission since 1988 and which formulated USAID's strategy through the early months of transition to a new government. As such, it represents USAID/SA's clearest and most comprehensive analysis of its role and approach within the South Africa of that day. The document was presented as embodying the Mission's response to the prospects of major change which were unfolding in the country. At the time of its writing, the formation of the Transitional Executive Council was imminent, to be followed by elections, an interim government, the drafting of a new constitution, and the foundation of a new democratic, post-apartheid South Africa. Since the timing of these events would be unpredictable, the *Strategy Concept Paper* proposed an events-based time frame for USAID/SA's program planning.

In the context of the CAAA's overarching goals of dismantling apartheid and of preparing South Africa's disadvantaged population for a leadership role in a post-apartheid South Africa, the *Strategy Concept Paper* articulated a subgoal statement: "to increase the political, economic and social empowerment of South Africa's disadvantaged majority."[24] Three major areas of involvement for the Mission were defined, each with four targets, as follows:

- Assist the majority population to participate more fully in the political development and governance of a democratic, human rights-based South Africa, by:
  - Establishing and strengthening black-led NGOs that support political empowerment and civic development
  - Helping to assure fundamental civil and political rights under a rule of law respected by and accessible to all citizens
  - Increasing the capacity of disadvantaged South Africans to govern in post-apartheid South Africa
  - Helping to prepare for free and fair elections
- Help to establish a more equitable and effective education system, by:
  - Developing, evaluating, and disseminating new and innovative approaches to education
  - Helping to develop alternative educational policies and ensuring that they are considered by decision makers

[23] U.S. Agency for International Development, *USAID/South Africa Strategy Concept Paper* (Pretoria, South Africa: March 1993).

[24] Ibid., 38.

- Enabling educational institutions to better meet the demands that will be placed on a new, nonracial education system

- Increasing the number of qualified and skilled black South Africans engaged in education

- Increase broad-based black ownership, employment, and participation at all levels of the economy, by:

  - Increasing access to private-sector financial and business services for black South Africans

  - Enabling the black business community to participate in reshaping the legal, regulatory, and judicial environment

  - Increasing the interaction among labor, business community, political, and academic groups on economic transformation

  - Delivering innovative and viable community-based, private-sector-financed housing to disadvantaged South Africans.[25]

In addition to these 12 areas (the three major areas and each of their four target areas), violence mitigation and AIDS prevention were also defined as "targets of opportunity." The *Strategy Concept Paper* proposed that target areas would vary in emphasis as the process of change unfolded. The areas of special emphasis at the time of the *Strategy Concept Paper's* writing were defined as those identified by Mission Director Dean in his December 1992 memorandum, summarized above. This strategy was presented as a construct that could absorb increased funding beyond the then current $80 million level. The areas of emphasis and specific targets (really, general objectives) thus served to specify and distill the goals and focus of USAID/SA into the current dispensation.

The *Strategy Concept Paper* also situated USAID/SA's assistance in the context of all the resources available to the community. While USAID/SA was the only foreign donor with a significant presence within South Africa, a number of other donors were making major contributions through other means. The EU provided significant assistance ($108 million in 1992) through an intermediary implementing organization, a South African NGO (the Kagiso Trust), and ranked first among foreign donors, but did not send a representative to South Africa until the late 1980s. Swedish assistance ranked third, after USAID/SA's, at $57 million annually, but Sweden did not develop a presence in South Africa until the early 1990s. Corporate and private foundation donations were at least equal in scale to the foreign government contribution. South African individuals and organizations contributed significantly to the NGO sector, with

[25] Ibid., pp. 40-49.

their contributions estimated at almost 10 times the level of all foreign donor assistance combined.

In the years of transition, the South African Government itself became a large contributor to grassroots community development, mostly through the Independent Development Trust, which was established with a government grant of about $600 million (raised by selling strategically held oil reserves that were no longer deemed necessary once the transition was under way). The *Strategy Concept Paper* identified the key issues for donors as how each would establish its relationship with the new interim government and how this would affect its support of NGOs. The document also anticipated the significance to the donor environment of the United Nations starting to play its traditional coordinating role once it set up operations in South Africa after the new government was in place.

In summary, USAID/SA's activities during the critical years of rapid transition within South Africa (1992-1994) parallel and reflect this state of mobilization and development. USAID/SA was able to negotiate an unprecedented level of funding obligations and to respond vigorously and effectively to critical events and incidents. These included mobilizing for the elections and supporting and facilitating the difficult negotiations that paved the way for power sharing and the end of minority rule. But, even as it actively addressed the critical issues of the day, emerging as a significant actor in the transition process, USAID/SA also engaged in a critical process of reflection, analysis, and planning—redesigning and repositioning itself for the development challenges of the immediate post-apartheid period.

III. USAID/SA PROGRAM EFFECTIVENESS

An assessment of the effectiveness of the USAID/SA program in fulfilling the goals of the CAAA must be made within the context in which the program was initiated and implemented. The United States entered South Africa with little credibility and even outward hostility from parts of the anti-apartheid community. That hostility was a result of several factors. According to some, the United States had taken a disappointingly weak position in opposing apartheid; constructive engagement was not a strong enough statement to the government in power. The anti-apartheid community also distrusted America's apparent alignment with RENAMO in Mozambique and with UNITA in Angola; in these countries, the Government of South Africa was similarly aligned. Furthermore, U.S. support for the Nicaraguan Contras was viewed suspiciously by progressive forces in South Africa; in short, the United States faced a "hard sell" in South Africa in 1986.

There were forces, however, conducive to USAID's position in South Africa. Communist governments around the world were dissolving, leading to a softening of Cold War rhetoric on both sides and growing insecurity on the part of groups dependent on Soviet support. Peace and independence were coming to Namibia, removing a point of regional conflict. In the United States, the anti-apartheid movement was strong and gaining strength; within South Africa, the movement was cohesive and enjoying the positive regard of the world community.

A. Establishing an Effective Presence

USAID was able to overcome reluctance and opposition in South Africa and to develop linkages with the black anti-apartheid community. It did so by building relationships and then providing resources to the increasingly sophisticated anti-apartheid infrastructure of NGOs, some of which were national in scope and others of which were community-based.

1. Becoming Credible

Slightly more than one-third of those responding to the evaluation survey indicated that U.S. policy toward South Africa made it difficult for their NGO to accept Mission funding, and more than one-quarter found that American government policy in other parts of the world made acceptance of financial support similarly problematic. Almost ten percent of the NGOs reported that they had at one time actually declined Mission funding. Yet, despite the negative stance which many anti-apartheid activists assumed toward USAID when the Mission was first established, a negativity which extended to the point that many considered and some actually refused financial support, the evaluation interviews and survey data indicate that, over time, USAID/SA was able to enhance its reputation within the disadvantaged populations it sought to serve.

Not surprisingly, the evaluation data reveal a diversity of opinion on the issue of credibility. While 49 percent of the respondents "agreed" or "agreed strongly" that USAID/SA "achieved credibility in the black community," 46 percent were either "uncertain" or did not reply to this item and five percent "disagreed," asserting that the Mission had not achieved such credibility. Yet, nearly 60 percent of the NGOs reported that through involvement with the Mission they became increasingly supportive of the USAID program, with only 11 percent disagreeing with this position. Further, half expressed a preference for USAID/SA over other donors, whereas only 22 percent expressed a preference for other donor organizations. Grantee interviews offer further perspectives on this issue, suggesting that NGOs appreciated USAID/SA's tangible presence in the community and awareness of the importance of relationship building. Grantees also report that USAID/SA was culturally sensitive and available to its grantees, particularly in the early years.

The slow yet essential nature of the relationship-building process is perhaps best conveyed anecdotally. During the interviews, many respondents discussed the dilemma of whether to accept USAID funds despite their strong objections to U.S. policy on South Africa and their initial suspicions concerning the United States' motives in providing this support. Many accepted the funding with some reluctance. Bishop Simon Gqubile, a member of the board of the Tembalethu Community Education Centre, Pietermaritzburg, is reported to have articulated a rather eloquent solution: "To deliver, we need money. If the money is 'tainted,' we will pray it clean."

The director of an activist community-based organization (CBO) reports how he finally decided to accept USAID/SA support, a decision which, it is reported, also influenced many others to accept Mission funding. This account conveys a flavor of the times and a sense of the lengthy consultative process in which anti-apartheid organizations engaged to make decisions. It also furnishes some sense of the political tightrope that Mission staff had to walk when USAID established a Mission in South Africa in 1986.

During 1986 to 1987, the director notes that segments of the anti-apartheid movement in South Africa were strongly anti-imperialistic and the United States was seen as aligned with the reactionary forces allied with the apartheid regime. USAID money was further "tainted" by the suspicion that USAID/SA was a CIA front (a legacy of the Vietnam era). Newly arrived USAID personnel, however, did not seem to fit the expected mold for American Government bureaucrats; they were not pushy, they were good listeners who seemed genuinely concerned with the issues, and they were themselves "interesting people."

Based on favorable encounters with USAID/SA staff, the director began a process of consultation with key members of his board, many of whom were well-known figures in the United Democratic Front (UDF) and some in Black Consciousness Movement (BCM)-aligned organizations. After a meeting with the Mission Director, board members gave the director the mandate to discuss this issue with his organization's constituency, including student and teacher groups and political activists of various persuasions. (At that time, UDF-aligned groups were not accepting USAID/SA funds, while BC-affiliated CBOs regarded USAID/SA as simply another donor and accepted its funding.) Based on extensive consultations, the director perceived the beginning of an acceptance of USAID/SA. He concluded that it was "inevitable" that the black CBO community, strapped for resources, would take American Government-provided funds, noting that, ultimately, "you can't resist major donors."

But while the director readied his organization and its support base for USAID funding, he also worried that this issue could cause a "serious fragmentation" in the anti-apartheid movement, with groups that refused USAID support resenting those that accepted it. He was also concerned that when the CBO community, which was accustomed to operating on a shoestring, grasped the magnitude of potential USAID support, "their eyes would pop" and a divisive process of competition would begin. Since unity in the struggle against apartheid's "divide and rule" strategy was a key component of the anti-apartheid community, any such divisiveness, however unintended, could be extremely damaging.

For several reasons, the director did decide to "throw down the gauntlet" and accept USAID funds. First, his organization had a great deal of credibility within the community; second, it had strong anti-apartheid credentials; and third, it would use the funds in transparent ways to benefit the community—and it was the community to which the organization would ultimately hold itself accountable.

The director believes, in retrospect, that it helped his organization politically to move to a more realistic appreciation of "the politics of funding" and feels that USAID funds were enormously

beneficial in enabling the organization to strengthen its infrastructure, deliver better services, and become a "key force" in its province.

While this CBO did not make a point of proclaiming its acceptance of USAID monies (and was surprised upon learning subsequently that many organizations that publicly opposed USAID were secretly accepting USAID grants), it found that "within a year or two, people who had insulted USAID were lining up for funds." While the organization had engaged in a lengthy decision-making process over whether to accept American support—and to overcome community suspicion regarding USAID—the director credits the patient work of the early USAID field staff for facilitating this change; without them, "it wouldn't have worked."

2. Reaching the Community

Given the fact that USAID/SA was working uphill in performing outreach and started out by "going door to door," as one interviewee said, tremendous progress was made. The outreach was extensive, and the linkages that resulted were noteworthy. Only eight percent of the NGOs surveyed believed that the USAID/SA program was biased in its outreach. Over 50 percent agreed that the USAID/SA program was "fair and evenhanded in awarding its grants to a broad range of organizations," with fewer than eight percent disagreeing. More than 55 percent of NGOs agreed that USAID/SA had funded a sufficient number of indigenous and disadvantaged organizations. About 40 percent either did not respond to this item or indicated that they were uncertain, while only three percent held that the Mission did not fund a sufficient number of such grassroots organizations. Further, when asked directly whether Mission assistance had actually reached the grassroots level, a significant majority of respondents (65 percent) agreed, with almost all of the rest indicating that they were "uncertain." Only three percent believed that USAID/SA's support failed to reach the grass roots level.

Particularly in a rapidly changing political context such as South Africa, another critical component in reaching the community is the ability of a donor agency to respond rapidly, and reprogram resources, in order to meet emerging needs. Traditional bureaucratic structures often have difficulty in such contexts and fail to meet program targets, which change before the organization can adequately adjust. In this regard, USAID/SA appears to have been extremely successful. Sixty-eight percent of the NGOs responding to the evaluation survey agreed that the Mission was effective in its response to the changing political situation in South Africa, noting the importance of USAID's timely contributions to activities such as community school experimentation, legal defense, voter education, and policy development. Less than four percent disagreed with this assessment.

While the issues of "acceptance" and "presence" are complex and multidimensional and there is not a unanimity of opinion, on balance, the survey and interview data clearly support the assessment that USAID/SA was successful in reaching into South Africa's disadvantaged black communities and, in so doing, was able to improve substantially its credibility. Perhaps the best empirical evidence of the Mission's success in establishing a programmatic presence in South Africa is the effectiveness of its work in support of the electoral process. USAID/SA's ability

to mobilize and deploy resources rapidly through its extensive network of grassroots and national NGOs, to identify and enlist the expertise of appropriate U.S. technical assistance providers, and to coordinate its initiatives with key stakeholders and with other donor organizations was predicated upon its hard-won, long-term successes in establishing credibility, in achieving community outreach, in network development, and in consultation. In a sense, USAID/SA's successful "run up to the election" was the both the "final examination" and culmination of its CAAA-era activities and signifies the attainment of an operational acceptance within the South African political context.

B. Achieving Results

USAID's goal, as it inaugurated its program in South Africa, was to gain credibility and then to deliver resources to the black community, so that apartheid's demise could be hastened and the black community empowered in the process. Further credibility was attained once effective working relationships were established with the black community, and then the Mission began to launch broader programs. USAID achieved its goal; it contributed to accomplishing the purposes of the CAAA.

1. Ending Apartheid

While it is true that apartheid was ended through the struggle, the sacrifice, the dedication and ultimate goodwill of South Africans, most observers agree that external pressure was also critical to this process. The United States was an important contributor to external pressure and to promoting pressure from within the country's own anti-apartheid community. Virtually all interviewees agreed that USAID assistance was effectively directed to targets which could foster apartheid's decline. Among the NGO community surveyed, fully two-thirds agreed that USAID assistance was a positive factor; most of the remainder of the respondents were unsure, with only seven percent disagreeing. Seventy-three percent of the NGOs believed that U.S. support to NGOs was "important in helping South Africans end apartheid," with only three percent disagreeing with this proposition. At least from the perspective of black South Africans who were the intended beneficiaries of USAID's program in South Africa, the Mission's activities did help to "hasten the demise of apartheid," the primary goal of the CAAA.

2. Building Black Leadership

USAID/SA's contribution to building black leadership for South Africa in the post-apartheid period was significant. Interviewees had no difficulty naming persons who had benefitted directly from USAID/SA's support, through education and training programs and through technical assistance to NGOs. Throughout all levels of the new government and in the NGO community, USAID/SA support for leadership is tangible and widespread.

Seventy-seven percent of the NGOs responding to the evaluation survey agreed that the support provided by USAID/SA "was important in developing black leadership," with less than two percent disagreeing. They cite education, human rights, legal assistance, and the funding of NGOs during the most critical period in the movement against oppression as important factors in building black leadership. The development of skills through which black South Africans could assume their rightful place in a democratic society was the central thrust of the CAAA's mandate for assistance to the victims of apartheid. Through USAID/SA's education and training projects and through its funding of numerous black-led NGOs, disadvantaged South Africans were able to acquire the knowledge, skills, certificates, and leadership and management experience that are critical for the current period of reconstruction and development and beyond. Here, as in its efforts to bring an end to apartheid, the USAID/SA program appears to have had a positive and significant impact.

3. Advancing Black Empowerment

In many respects, USAID/SA's strategy for facilitating the end of apartheid and the creation of a nonracial and democratic South Africa is embodied in the term *empowerment*. In one sense, empowerment refers to the degree to which those peoples who have been oppressed by South Africa's history of white domination are able to exercise democratically an appropriate degree of power and control over the institutions affecting their lives. The struggle for South African liberation can thus be conceptualized as a struggle for empowerment, for a democratic, participatory, and equitable redistribution of societal power.[26]

The evaluation survey questionnaire specifically addressed the issue of empowerment in three sectors: political, social, and economic. In response to the statement "USAID made a considerable contribution to black *political* empowerment through programs such as human rights and legal aid, civic assistance and community and democratic development," a remarkable 74.9 percent of respondents expressed agreement, with only two percent disagreeing. Eighty percent agreed that the Mission "made considerable contribution to black *social* empowerment through programs aimed at education and training." Again, only two percent expressed disagreement. Finally, only 38.5 percent agreed that USAID/SA made a similar, "considerable contribution to

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[26] Based on a series of 93 interviews with diverse community activists and leaders in 1989-1990, Michael Sinclair suggests that the "...real test of empowerment is the ability to successfully make the transition from dependence on external leadership to genuine community control." He goes on to note that "whites are disproportionately predominant in the leadership of community development organizations in South Africa. The inhibiting effect of whites in the process of empowerment was an issue which repeatedly arouse in interviews" (Michael Sinclair, *Hope at Last: A Guide to Grantmaking in South Africa* [Washington, D.C.: The Henry J. Kaiser Family Foundation], 48). In this respect, the issue of empowerment is directly tied to that of "affirmative action," which is discussed in section III.B.5 of this chapter.

Many of USAID/SA's CBO grantees have operationalized formal structures and procedures for ensuring community empowerment and control of the development process. The Trust for Christian Outreach and Education (TCOE), for example, engages in a process it terms "People's Participatory Planning and Action," in which community members control the direction, priorities, and mechanisms for development initiatives. (For a case study summary of TCOE, please see Appendix A in Volume II of this report.) TCOE describes its vision as "...one of being involved in development work aimed at empowering the most down-trodden layers of society to organize themselves for transformation of this society. The process of empowerment implies the transferring of skills, the building of organization, the involvement in decision-making and the development of tools to understand our society in order to develop a vision for a future society" (TCOE, *Annual Report 1992*, 1).

black *economic* empowerment through programs in areas such as housing and business development." While three percent disagreed, a majority (53 percent) expressed uncertainty in this area.

These are truly impressive findings. In the two sectoral areas where the Mission has historically focused the majority of its funding and attention, the social and the political, a large proportion of grantees acknowledge a "considerable contribution." In the economic sector, however, which has become of greater significance in recent years (including the $78 million HIG and SBLPG projects in 1994), grantees are not yet cognizant of the Mission's activities nor can they assess its contribution toward empowerment. Taken together, these findings point to a significant achievement in supporting those organizations in the field which have made a difference in facilitating empowerment. As such, they acknowledge USAID/SA's contribution to this process and thereby to the fulfillment of its mandate under the CAAA.

The issue of empowerment remains, however, at the very heart of South Africa's current, post-apartheid reconstruction and development process, and the rate and degree to which disadvantaged populations become empowered may, to a significant degree, determine the viability of this still-fledgling democracy. In 1992, Australian political scientist Kate Manzo observed that:

> . . . due to a widespread tendency for the 'problem' of South Africa to be considered solved once certain laws are removed from the statute books . . . a distinction needs to be drawn between 'white' domination and apartheid. The former term describes an enduring, structural characteristic of the South African situation, because as long as 'whites' have forcibly dispossessed people of their land, proletarianized them against their will, passed laws intended to restrict their movements, and denied their representatives access to central institutions of the state—all in the name of white civilization—it is possible to speak of a situation of 'white' domination. What *have* changed continually over time, due to a combination of 'black' resistance and changing global power relations, are the particular social practices by which the same domination has been effected and preserved. Apartheid is one such historically contingent set of political practices. . . .[27]

The demise of apartheid and the resultant political empowerment of the majority through democratic rule thus does not herald the cessation of white domination nor ensure the social and economic empowerment of the still-disadvantaged majority. Ongoing support for activities which facilitate popular empowerment in the social and economic sectors is therefore essential for national development and should remain a key component of Mission initiatives.

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[27] Kate Manzo, "Global Power and South African Politics: A Foucauldian Analysis" *Alternatives*, 17:15.

4. Management and Administration of the USAID Program

The implementation of the USAID/SA program was distinctive in a number of ways. In the early days, USAID/SA relied on direct grants to the community and limited its dependence on intermediary organizations to managing grantees. The Mission had the capacity to respond to crises; it worked collaboratively with grantees; it was risk-taking in nature. The program grew rapidly in size and complexity and gradually brought additional staff and U.S. contractors and Private Voluntary Organizations (PVOs) into the picture.

Within the framework of the Agency for International Development and its administrative and reporting requirements, USAID/SA achieved important successes in managing its program. It demonstrated that it could deliver assistance to the community directly and cost-effectively and it proved that Agency regulations need not inhibit creativity and responsiveness in programming.

According to the USAID/SA staff, the approach was extremely effective. Within projects having fairly broad mandates, such as the COLD project, USAID/SA was able to respond to needs as they arose at the community level. From the perspective of the grantee, while 60 percent found the Mission's administrative and management systems to be "reasonable and workable," 25 percent disagreed with this assessment. A similar pattern of opinion is found on the issue of the flexibility of the Mission's management and administrative systems. Whereas 45 percent found that they were flexible, 37.2 percent disagreed. However, on the question of the reasonableness of the Mission's reporting requirements, a far greater consensus emerged, with 79 percent viewing the requirements as reasonable and only 13 percent disagreeing. During interviews, grantees frequently reported that many of the administrative and reporting requirements had been helpful in building their organizations' management capacity, particularly in establishing viable financial accounting systems. Some grantees, however, did express concern that the administrative and reporting requirements were burdensome or duplicative and even that some reports had been misplaced in the Mission.

The USAID/SA program has been unusually labor-intensive, due to the volume of grants and the increasing size of the program. USAID/SA staff interviewees who have administered the program were concerned that "moving money" grew to override substantive programming considerations. While they are proud of their accomplishments, they worried that "under the pressure to spend," quality declined. Many NGOs were similarly critical of USAID/SA in their evaluations of how the program changed over the course of the eight-year period under study. The program's increasing size meant a deterioration of USAID/SA's relationship orientation. As mentioned earlier, many NGOs were extremely critical of the staff's inability to answer correspondence and to return phone calls, citing these as examples of the diminishing priority on responsiveness and supportiveness to the community. Some faulted staff for failing to read reports, saying that they were asked repeatedly for the same information.

The most serious and persistent grantee criticism of the Mission is that it did not fulfill their financial obligations in a timely fashion. This was particularly stressful for emerging and small programs that relied on USAID/SA for a major proportion of their total support. NGOs attribute some program failures to the lack of timely receipt of funds, and it has been suggested that the

images of some NGO leaders were damaged by their inability to fulfill obligations they incurred, because of protracted delays by USAID/SA in making payments. Other grantees noted the wastefulness of having to incur the costs of "overdraft" funds to pay operating expenses while awaiting delayed USAID payments. While Mission staff recognize that these problems and concerns are legitimate, they also site grantee errors and delays in submitting vouchers as a major cause of these problems. Mission staff have indicated a willingness to discuss these issues with grantees to help decrease the problems in prompt payment.

5. Technical Assistance to Grantees

Along with financial assistance, USAID/SA provided technical assistance to its grantees, usually through South African or U.S. technical assistance provider organizations. Technical assistance was aimed at either strengthening an organization's management and financial administrative capacity or at improving its technical performance. According to the NGOs, 65 percent of the grantees received sufficient technical assistance and were especially complimentary of USAID/SA personnel who were directly involved in their programs on a periodic basis. However, 20 percent of the NGOs report they did not receive sufficient technical assistance and were critical of the USAID/SA personnel's lack of involvement in their programs. These differences of opinion also reflect differences in the degree to which particular Mission staff and projects sought to employ technical assistance providers on behalf of their grantees.

Overall, when interview results, survey results, and program evaluations are looked at in combination, USAID/SA scores well on its technical assistance capability. The early years of the USAID/SA program depended significantly on the commitment and involvement of its personnel in the delivery of assistance; in later years, contractors became important to the process of institution building.

6. Affirmative Action

In the early years and again recently, USAID/SA has taken a strong position in support of affirmative action. It has emphasized the importance of supporting community-based and black-led organizations in South Africa. Most recently, it has also advocated for the active involvement of African-American-owned contracting firms and U.S. historically black colleges and universities. This position has led to criticism from a number of quarters and problems within USAID/SA as well as in the public arena, although the basis for affirmative action policies is clearly established in U.S. legislation—in the CAAA and the South African Democratic Transition Support Act of 1993 for South African aid programs and in the Gray Amendment for U.S.-based procurement.

In considering this issue, it is useful to distinguish USAID/SA's efforts in support of affirmative action in South Africa (to help empower South Africa's black majority) from its efforts to increase the participation of U.S. minority organizations within its own programs and activities.

In part, the problem stems from the merging of the two efforts as "black empowerment," without sufficient attention to the subtleties and difference between the two.

There is a fundamental distinction between the idiom of the African-American minority in the United States and the newly empowered South African black majority. However, virtually no one denies that much can be gained through linkages and collaborations between the two worlds. As noted earlier, linkages between African-American and black South Africans extend back more than 100 years. Further, African-Americans were in the forefront of the U.S. anti-apartheid movement and, as President Mandela has asserted, it is appropriate for those who have been actively involved in this issue for so many years to participate in South Africa's reconstruction and development. Finally, it should be noted that the U.S. Government's minority "set-aside" programs, which are designed to provide opportunities to often marginalized sectors, bring into the USAID/SA program valuable skills, talent, and experience which might otherwise be neglected. The Gray Amendment and 8(a) minority contractor programs are not limited to African-American organizations and offer USAID/SA access to qualified organizations led by other minorities.

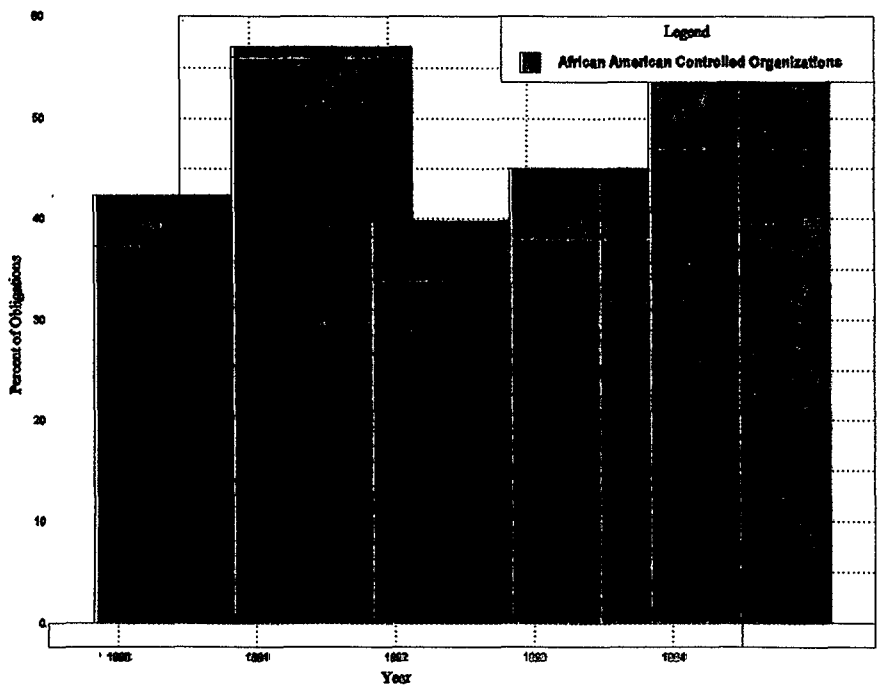
In recent months there has been criticism in South Africa and in the United States of the extent to which USAID's adherence to the Gray Amendment has been perceived as being exclusionary of other groups' involvement in the South African program. In addition, where South African groups have perceived that their access to the best possible resources has been limited by what they see as "U.S. domestic concerns," skepticism regarding USAID's true intent has emerged. These criticisms have been present particularly in the private-sector development and housing arenas.

To some extent, South African NGOs resisted the insertion of U.S. intermediaries into the grant-making process. They became used to USAID/SA's foundation-like operating style and appreciated the direct dialogue with their Mission counterparts. In addition, the years of isolation have exacerbated the South African suspicion of foreign "development experts," and, in any case, South Africans are confident that all the necessary technical expertise lies within the country. Therefore, to the extent that the identity of U.S. intermediaries has been predetermined by processes that seem to be a function of U.S. domestic concerns, hostility from some quarters has increased.

The data do not, however, support the contention of a few vocal critics that USAID/SA has been overly zealous in its application of affirmative action to U.S. minorities. In fact, of the $176 million that has been channeled through U.S. intermediaries, only $35 million, or 20 percent, have gone to Gray Amendment entities, and only a half dozen of the total number of Gray Amendment entities are African-American, hardly evidence of overwhelming favoritism. If one examines the USAID/SA procurement data from 1990 to 1994 (see Figure 5), the percentage of the total annual funding awarded to U.S. (as distinct from South African) entities varied from a high of 56 percent in 1991 to a low of 33.8 percent the following year. The percentage of these funds which were allocated to African-American-led organizations varied from a high of 18.4 percent in 1993 to a low of 2.6 percent in 1991. During 1992 to 1994, when it has been alleged by some critics that the Mission was exercising improper bias toward African-American entities,

their actual share of the total award to U.S. organizations was 18.0 percent, 18.4 percent, and 14.9 percent, respectively. While these data are silent on the question of whether Mission leadership attempted to encourage or unduly pressure staff to make awards to African-American entities, they hardly support the contention of massive program bias. With regard to USAID/SA's support of affirmative action within South Africa, there is broad consensus within South Africa regarding the priority of developing black leadership and human resources.[28] In addition, it is recognized that to the extent USAID/SA has actively sought to assist black-led groups, it has contributed to affirmative action efforts by supporting organizations that might have been bypassed had a clear policy not been in place. To the extent that USAID/SA receives criticism for its efforts in this arena, beyond the ranks of individuals and groups who feel personally excluded or aggrieved, it is more because of how the policy has been implemented rather than the policy itself.

Figure 5
Obligations to U.S. Entities as Percent of Total Obligations



[28] The RDP, the South African Government's overall blueprint and mechanism for addressing the devastation resulting from more than 300 years of colonial exploitation and minority rule, and for promoting national development, states in Section 2.2.6 that "a programme of affirmative action must address the deliberate marginalization from economic, political and social power of black people, women, and rural communities" (African National Congress, *The Reconstruction and Development Programme: A Policy Framework* [Johannesburg: Umanyano Publications, 1994], 16).

The majority of South Africans now aspire to operate in a nonracial context, and the extent to which USAID/SA has expressed an interest in promoting black leadership in specific circumstances has offended certain constituencies. Some individuals have expressed concern over the divisive influence that USAID/SA directives can play within organizations. Some have also expressed concern that USAID/SA is missing the point of affirmative action, which is to support the *process* around the change in organizations rather than to focus on the *speed* with which specific individuals move aside. Others, however, have voiced strong support for USAID/SA's position, suggesting only that it should have come sooner.

The evaluation interviews conducted with current and former USAID/SA grantees suggest that the communication and implementation of the Mission's policy on affirmative action was often inconsistently applied across program areas and by staff members. Some grantees reported that their USAID Project Officer rarely, if ever, mentioned affirmative action and did not appear to consider it particularly important. Other grantees described interactions with a Mission staff member whose zealousness in pursuit of affirmative action was perceived by both black and white grantee staff as extreme, overreaching, and even somewhat rude.

To some extent, therefore, the affirmative action controversy may be seen as related to a gap in the supervision of Mission field staff, resulting, at least partially, from the lack of sufficient personnel to operationalize optimally USAID/SA's "foundation," or "retail," approach to programming.[29] Due to the extraordinarily demanding, pressurized, and rapidly changing context and the challenge of wisely and properly disbursing and monitoring the rapidly increasing annual budgets, USAID/SA's operational style—particularly during its periods of start-up and consolidation—placed significant responsibility and discretion upon the shoulders of each staff member, and, as noted, the Mission's personnel responded to this challenge with energy, dedication, creativity, and commitment.

Yet this approach, which is consonant with the demands of the situation and is, in many respects, quite laudable, inevitably engenders a somewhat personalistic approach to policy implementation. It is not surprising that such extreme differences in the articulation of policy would create confusion in the field and tensions within the Mission.

USAID/SA perceives affirmative action as being about empowering the disadvantaged, which also requires treating "process" as being at least as important as "product." One becomes empowered by being afforded the opportunity to exercise power, whether within an

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[29] The 1988 *USAID South Africa Program Strategy* acknowledged that the "South Africa Mission has one of the highest ratios of management units to personnel in the world" (*USAID South Africa Program Strategy* [Agency for International Development: Washington, D.C., June 1988], vol. I, 55). Noting the extreme demands of the South African context and the need for extensive community outreach, it acknowledged the constraints on staff size, due in part, to the then U.S. policy of limiting its official presence in South Africa; the difficulties in utilizing intermediary or umbrella organizations due to "legal and political inhibitions"; and the barriers to deploying U.S. technical advisors caused by the South African Government's reluctance to issue visas. The Mission anticipated, however, that once the USAID/SA program was better understood and accepted in the community, the ". . . political imperative of making new grants (will be) considerably lessened. This will permit the Mission to limit the number of new grants approved each year to a manageable increment to the existing portfolio" (Ibid.). In actuality, however, the generally unanticipated speed of political change and rapid increase in budget size did not serve to lesson the requirements for issuing new grants or for extensive staff outreach and consultation.

organization or within an economy. If a white and a black contractor are both capable of doing a job, then even if the black firm is less experienced and sophisticated than the white one, the black contractor should be selected, to expand the hitherto limited opportunities of disadvantaged South Africans. In this regard, it is appropriate to consider to what degree the procurement data suggest that USAID/SA has been successful in implementing its empowering affirmative action agenda. Figure 6 presents the percentage of USAID/SA annual funding which was awarded to South African (as distinct from U.S.) entities and then disaggregates this by group, that is, by whether the recipient organization was "white," "black," "colored," or "Asian" led.[30]

In 1990, black-led organizations received approximately 16.5 percent of USAID total obligations, or 27 percent of the funding obligated to South African entities. In 1994, this figure rose to 27 percent of total obligations, or approximately 51 percent of the funding to South African entities that year. Bearing in mind that in 1994 black South Africans constituted 76.1 percent of the nation's population,[31] even this significant increase falls far short of equitable funding, based simply on representation in the total population (and not taking into account historic need). The data suggest that while USAID/SA's policy of enhancing capacity building of black-led organizations has increased the proportion of such organizations in the Mission's portfolio, black-led groups are still significantly underrepresented—a remnant of apartheid characteristic of this period of national transition.

Similarly, the data do not support the assertion that white-led groups have been discriminated against in the awarding of grants and contracts from USAID/SA. In 1990, white-led entities accounted for about 31 percent of total obligations for that year, or 50 percent of the South African total. In 1994, that figure had dropped to 18 percent of total obligations for the year, or 34 percent of the total awarded to South African groups. In 1994, the first year in which black-led organizations received a combined total award larger than that of white-led South African organizations, white South Africans constituted 12.8 percent of the nation's population. Only from an assumption of extraordinary, perpetual privilege and favoritism can USAID/SA's most recent obligation of funding to white-led organizations—at a level two-and-one-half times greater than the representation of whites in the population—be considered evidence of a bias against white-led groups. That this issue was raised at a time when huge economic and social deprivations still confront South Africa's historically disadvantaged populations, and glaring inequities of power and access to opportunity still characterize South African life, attests to the profound difficulties to be faced in creating a truly level, nonracial playing field.

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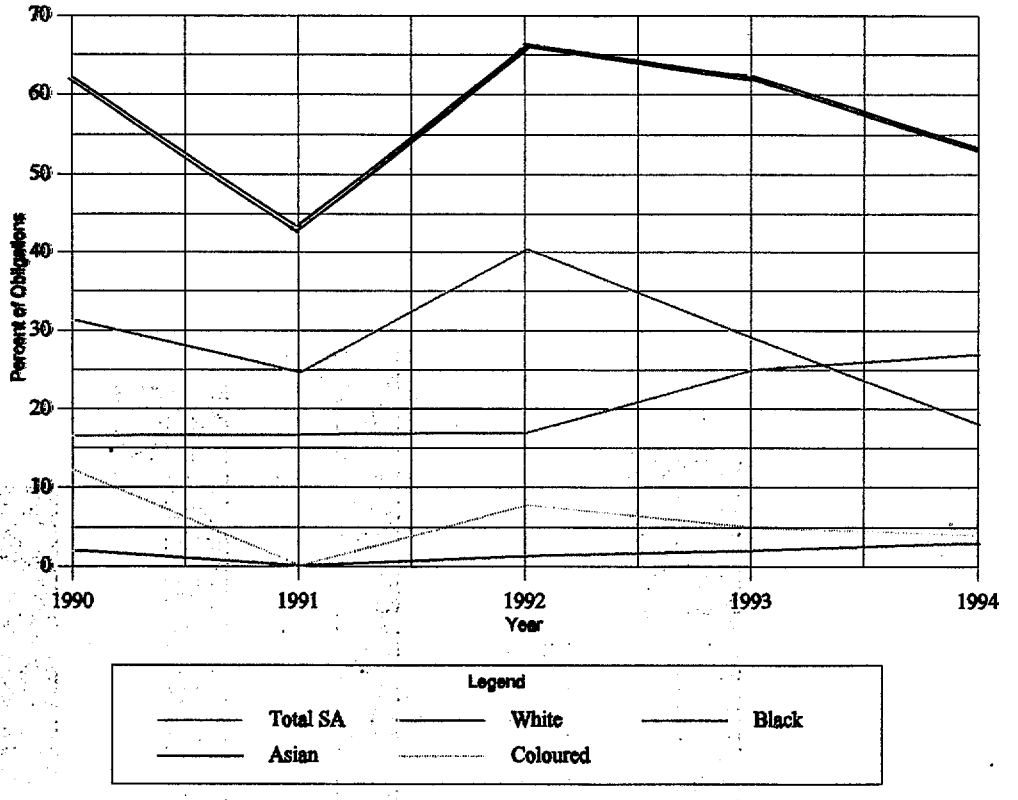
30 Ironically, the need to disaggregate these data into what are, essentially, the old apartheid "racial" groups arose in response to charges of bias on the Mission's part, specifically, that USAID/SA was not funding white-led organizations.

31 *RSA Statistics in Brief*, Republic of South Africa Central Statistical Service, 1994, Sec. 2.

Figure 6
South Africa Obligations by Recipient Category



In summarizing the situation of black women in South Africa, a recent paper concluded that ". . . the effect of race discrimination in combination with sex discrimination in the workplace and gender oppression in the household, has been to place African women at the bottom of the heap . . ."[32] While not formally included in the Mission's affirmative action policy, USAID/SA has consistently recognized the importance of what it terms "women-in-development" (WID) programming and, in its 1988 *South Africa Program Strategy,* included an in-depth discussion of possible WID-focused programs and of ways to integrate WID into existing Mission projects.[33] By 1993, the Mission had still not prepared a "formal WID strategy," but noted the strong participation of women in its U.S.-based scholarship program and the important role of women-led NGOs in its portfolio.[34]

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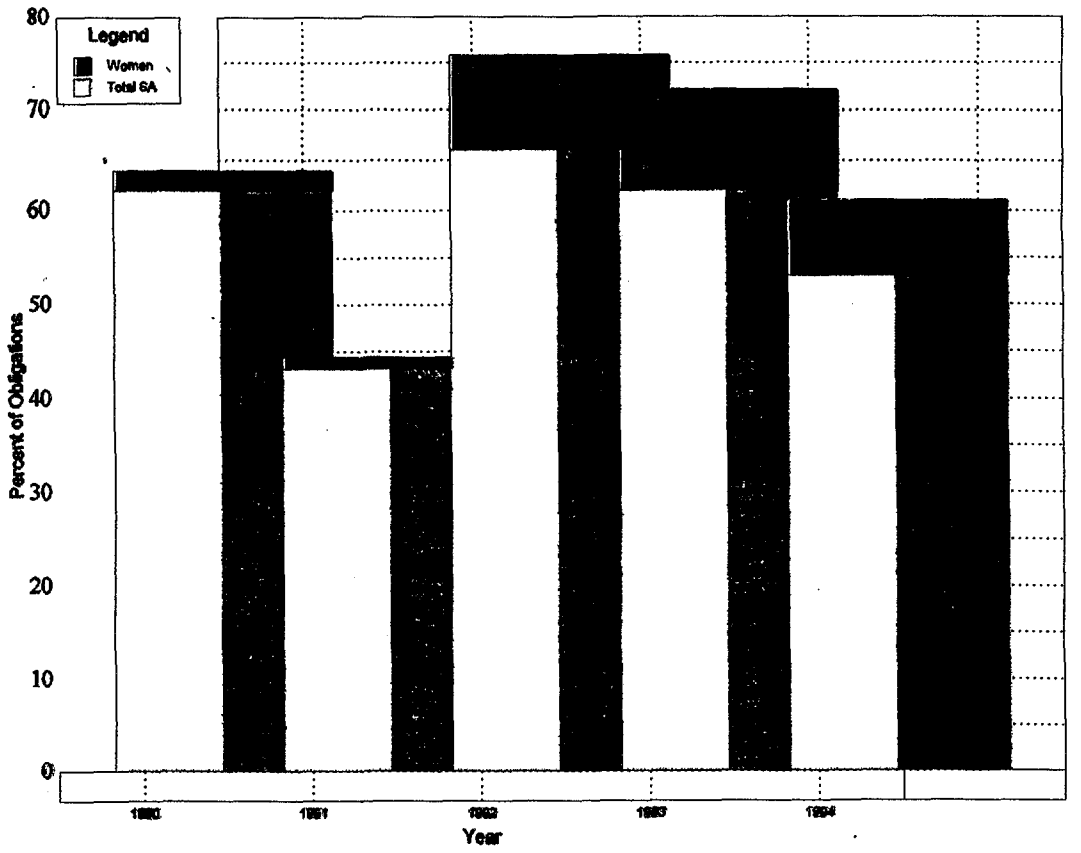
32 Caroline White, "The Status of Women in South Africa," Resource documents for *Stabilizing Democracy in South Africa: The Challenges of Post-Apartheid Development* (Centre for Policy Studies: Johannesburg, 1994), 9.

33 U.S. Agency for International Development, *USAID South Africa Program Strategy, Technical and Policy Analysis*, Vol. III, 54-63.

34 *USAID/South Africa Strategy Concept Paper*, (U.S. Agency for International Development: Pretoria, South Africa, March 1993), 60.

In reviewing the allocation of USAID/SA's resources by category, we can also examine the Mission's allocation of resources to South African women-controlled entities (see Figure 7). During the first two years presented, 1990 and 1991, funding to South African women-led groups constituted two percent and 1.3 percent, respectively, of the total obligations for those years, or approximately three percent of the funding allocated to South African organizations by the Mission during this period.

Figure 7
Obligations to South African Women Controlled Entities



Beginning in 1992, this figure increased considerably. In that year, women-led organizations received roughly six percent of the Mission's total financial support, or about 18 percent of the funding obligated to South African entities. These funding proportions increased slightly in 1993, and decreased somewhat in 1994, with obligations to women-led groups constituting seven percent of all Mission obligations, or close to 15 percent of those disbursed to South African organizations as a whole.

As USAID/SA focuses increasing resources on longer-term development projects, the central role of women in South Africa's future will become critical. The substantial increase in funding since 1992 to women-led organizations is a positive indicator, as is the awarding to women of approximately one-third of all scholarships in the U.S. scholarship program, but they also mark the substantial distance still to be traversed if gender parity in programming is to be achieved.

7. United States-South African Relations

Overall, the United States' actions in South Africa, between 1986 and 1994, had a positive effect on relations between the two countries, particularly between the United States and the majority population in South Africa. This was noted by 69 percent of survey respondents, who agreed that "the USAID program in South Africa has strengthened relations between our two countries." Fewer than two percent of respondents disagreed with this perception. This finding is especially important given the fact that USAID started out in South Africa facing serious challenges and with a negative image of its ideology and actions.

8. Sustainability

Traditional concerns of institutional sustainability were certainly not a priority in the early years of the USAID/SA program. The focus of all early activities was on achieving immediate results in the context of the goals of the CAAA. While building institutions to combat apartheid and to promote leadership had implications for sustainability, the horizon did not stretch beyond the end of apartheid. As the program evolved in the context of the transition process, which moved faster than expected, USAID/SA placed a greater effort on investing in institutions that had the capacity to define a role that would be sustainable in a post-apartheid society.

The issue of the role of NGOs in the new society is a source of active debate between the Government of National Unity and the NGO sector. Many of the more than 50,000 NGOs in the country have played a role that should be now subsumed by the legitimate government; however, many provide a service that may best be supplied outside of government, either because they have the capacity to be more efficient and/or because the pluralism of society is served by their continued influence. It is a testament to USAID/SA's impact that, because of its extensive experience in assisting many of the most significant NGOs, it is now well placed to assist in the process whereby the relative roles of Government and NGOs will be defined.

As donors focus on the new government as the appropriate channel for their assistance, NGOs face a shrinking resource pool. Those USAID/SA grantees that have diversified their support base among foreign donors and throughout the sizable South African donor community are best placed to survive. USAID/SA's record in assisting its grantees to diversify their funding base is, however, mixed. Some grantees expressed the concern that complying with USAID's

administrative requirements and systems led to a lack of flexibility in their own systems, making it difficult to accommodate the requirements of other donors. However, many others have found that USAID/SA's reporting requirements led to the development of administrative systems that increased their grantworthiness to other donors. Many of USAID/SA's current grantees would not survive today without USAID/SA's support. It is very difficult, in this time of transition, to assess the extent to which those that do not survive are simply part of a larger shakeout that inevitably must occur as the democratically elected government begins to serve the needs of the majority of the population.

C. Contributing to Program Impact

In general terms, the purpose of the USAID/SA program was to support the transition to majority rule already foreseen and under way with the advent of the Comprehensive Anti-Apartheid Act (CAAA) in 1986. At the time, the choices available to the U.S. Government ranged from assisting South Africans residing outside their country, to providing no foreign assistance, to lending support primarily to the constructive engagement policy, to working actively within the country to help overturn an oppressive regime. In electing the latter option—to work actively within South Africa to support the anti-apartheid movement—USAID/SA differentiated itself from a number of other foreign donors whose efforts were directed toward the exile community, distanced itself from American diplomatic aims, and accepted a very tenuous and even hostile relationship with the Government of South Africa. At the same time, USAID/SA embraced the position of the U.S. Congress and won legitimacy among a broad base of South Africa's disempowered majority. USAID/SA translated commitment into action.

USAID/SA's implementation of the CAAA made a difference at the level of the individual, the organization, and the community. Although evidence for this is largely anecdotal, implementers and beneficiaries alike easily identify indicators of impact; these are cited in the following chapters of the report. The USAID/SA program had a significant impact for several reasons. First, USAID/SA recognized the good ideas and followed the lead of the South African anti-apartheid community. USAID/SA's program was in line with the direction, energy, and vision of the people and institutions leading the change. Other factors that appear to have been important to achieving an impact are as follows:

Clear Focus—Especially in the early years of the program, USAID/SA had a clear focus on promoting black empowerment and providing support to the anti-apartheid movement. Resources were targeted according to this focus, and USAID/SA was clear about not being diverted from it. Although USAID/SA staff acknowledge that the clarity of their purpose cost them in terms of their relationships with a few white-led groups, it was the most effective and appropriate approach to take at the time.

Compatibility with Existing Resources—The USAID/SA program has relied substantially on South African leadership and expertise. The program was not only compatible with existing trends, it was built upon a resource base that was indigenous and clearly the most relevant source of "infrastructure" for social and political change.

Advantages of Small Size—USAID/SA's strategy to empower emerging and often immature organizations meant that grants would be small in size, because the NGOs targeted for assistance frequently had a limited capacity to absorb funds. USAID/SA's ability to award small grants and to assist organizations over time made a difference not only in which organizations it could provide assistance to but also in the extent to which it could effect capacity building among those organizations. Although administering small grants was labor-intensive, small grant size was a factor contributing to the program's impact.

Alignment between the United States and the South African Majority Community—Seldom has a foreign assistance program in Africa attracted the interest and cooperation of the American people in the way that it did in South Africa. The special relationship, both ideological and political in nature, meant that throughout the years of the CAAA, American attention would be focused on events in South Africa. The attention of such vocal constituents meant that the program's objectives would be difficult to compromise.

Outreach to the Community—It is not customary for a USAID program to engage in extensive community outreach and to devote staff resources to relationship-building activities. Not only was this a necessary feature of the USAID/SA program in terms of establishing its credibility, it was a feature of the program that made a difference in results. Outreach meant that grantees were effectively targeted and that they received the support they needed from a USAID/SA staff that was involved in their program.

Volume of Resources—The volume of resources available to the community through USAID/SA in and of itself was bound to have an impact on the anti-apartheid movement. The NGO sector was strong on commitment but short on resources, and USAID/SA could make a difference with its funds. USAID/SA was viewed as an important player in the donor community, one that could not be ignored.

While it is possible to demonstrate some impact in all of the sectors in which USAID/SA has operated, there are significant limitations on documenting it. The limitations are threefold. First, the purpose of the USAID/SA program at the outset was to enable specific actions to take place. The purpose was not sustainability nor was it long-term impact on economic development, as might be expected in a more traditional USAID program. USAID/SA resources joined those fficult years. Developmental outcomes were seen as an appropriate focus for the future. Second, impact is difficult to report in an aggregated fashion. Many small investments were dispersed throughout the community, but they were aimed at different specific outcomes, and it is difficult to generalize from the numerous and fragmented experiences. Finally, data availability is a problem. While projects and the activities they funded have been regularly evaluated, the program did not originate with baseline data nor did USAID/SA track each of its activities in a way that would lend itself to impact monitoring. Therefore, the impact that is demonstrable must

remain largely anecdotal and based on opinion, in many instances. Case studies have been useful means of validating opinions, as was the survey of NGOs that provided the evaluation team with an opportunity to compare opinions and find consensus among program beneficiaries.

CHAPTER 4.

SOCIAL DEVELOPMENT PROJECTS

Social development has been, by far, the largest area of USAID/SA activity. The $212 million allocated to this sector from 1986 through 1994 exceeds both the $148 million allocated to the political development and democratic institutions category covered in Chapter 5, and the $174 million allocated to the economic development category discussed in Chapter 6. The social development sector includes both human resource and health development. However, with the exception of an initiative to work on the prevention of HIV/AIDS begun in 1991 and relief activities during the drought and other disasters, the Mission hardly worked in the health sector during the years under examination.

The most significant aspect of the social development programming was very large-scale spending on local bursaries, overseas scholarships, and training, together which made up 72 percent of the funds in this category. USAID/SA's investment in NGOs that were developing alternative education models accounted for another ten percent of those funds. The Mission also invested in short-term training in local government, diplomacy, and education administration to enhance the capacity of the disadvantaged to govern (this is included in the 72 percent indicated above for scholarships and training). Finally, the social development sector includes the Self Help project, which, throughout this period, disbursed a large number of grants to community groups attempting to mitigate the worst effects of apartheid by providing assistance to the most severely disadvantaged populations. This project had a long history in the Embassy prior to USAID/SA's activities in the field.

I. HUMAN RESOURCES DEVELOPMENT

Education was and is one of the most important areas shaping the debate on a new South Africa. As the 1993 *USAID/South Africa Strategy Concept Paper* points out, one of the worst effects of apartheid was the extent to which it engineered inequality into the education system.[1] The Education Act of 1953 attempted to establish a separate and unequal educational system designed to ensure that Africans remained at the bottom of the social order. The legacy of deliberate under-education will take decades to overcome. Government spending on black children was consistently one-fifth of that spent on white children. There were generally three times as many students per teacher in black schools as in white schools. More than 70 percent of black teachers taught without proper credentials and fewer than two percent of black children entering school completed high school.

[1] U.S. Agency for International Development, *USAID/South Africa Strategy Concept Paper* (USAID: Pretoria, March 1993), 17.

In the 1988 *Program Strategy Statement*, the Mission described its efforts to support the improvement of education for black South Africans as "... a challenge to a key element of the apartheid system and a major investment in a post-apartheid future."[2] As previously noted, a significant portion of USAID/SA's resources had gone to education, including basic and tertiary education, formal and informal education, and academic and nondegree training. In the formal education arena, in addition to the degree studies projects, USAID/SA aimed to improve the quality and accessibility of primary and secondary education by funding activities outside the government's school system. These activities included the development of models for decentralized education, the development of curricula and planning for the post-apartheid education system, the provision of in-service teacher training, and the awarding of secondary school bursaries. In the informal education sector, USAID/SA concentrated on three priorities: post-secondary school remediation, applied adult literacy training, and preschool preparation. The domestic and U.S. bursary and scholarship programs, although extensive, were estimated in 1988 to meet only three percent of demonstrated demand. By 1988, 80 to 100 students each year were sent to the United States to undertake undergraduate and graduate degrees. Within South Africa, 350 new students per year received funds to pursue undergraduate and technical school degrees in various local institutions.

Establishing a more equitable and effective educational system was defined as the second strategic objective in the 1993 *USAID/South Africa Strategy Concept Paper*. A reconstructed education system was again identified as an essential precondition for building and sustaining a new South Africa. Restoring the legitimacy of the system and overcoming the extreme waste of human capital were noted as particular priorities in this process of education systems reconstruction. The Mission chose to focus its "limited resources . . . on targeted interventions, especially those that add depth to the debate and offer a qualitative difference in selected areas of special concern."[3] It should be noted that its programming in this sector has been significantly constrained by the CAAA provision that stipulates that U.S. Government funds could not be provided to institutions or groups which received financial support from the South African Government. Since only two percent of the funds supporting education in South Africa were outside of government control, USAID/SA was restricted to funding NGO models and to providing scholarships directly to students.

One primary objective of funding models and pilot demonstrations has been to develop, evaluate, and disseminate new and innovative approaches to basic education which could then be utilized by a post-apartheid government. Another objective was to help create alternative educational policies and ensure that they are actively considered by decision makers at the secondary and tertiary levels. Institutional development was the third key objective, with anticipated expansion of the program from the education NGOs to the historically black colleges and universities. The final key priority was targeted training, which included the substantial long-term training programs in South Africa and in the United States (at declining levels), and short-term training

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[2] U.S. Agency for International Development, *USAID South Africa Program Strategy* (Pretoria, South Africa: June 1988), Vol. I, 33.

[3] U.S. Agency for International Development, *USAID/South Africa Strategy Concept Paper* (USAID: Pretoria, March 1993), 43.

(observation tours, workshops, and conferences), designed to address urgent needs in interim governing skills.

The following section addresses details of each project's obligations, demonstrating how resources were disbursed to accomplish the defined objectives.

A. Degree Studies, Short-Term Training and Institutional Support

1. Degree Studies

The genesis of the university scholarship program can be traced to the Ford Foundation's work in the 1960s and 1970s and the funding of South African students in exile by USIA and the U.S. Department of State during the same period. These efforts evolved into the extensive USAID-funded efforts that began in the early 1980s (described in the "Background and Origins" section, page 19). The U.S. scholarships were administered by the Institute of International Education (IIE), a U.S. non-governmental organization, Aurora Associates, an African-American development consulting group, and the Educational Opportunities Council of South Africa (EOC), a South African NGO headquartered in Johannesburg. South African scholarships were administered by the EOC and the South African Institute of Race Relations (SAIRR). In the early years (1986-1987), all of the funds for bursaries went to these groups via grants, cooperative agreements, or contracts. Over the next four years, they were joined by other organizations including the Catholic Educational Aid Program (CEAP) and the South African Council for Higher Education (SACHED) in South Africa and Africare in the United States, with a total of $40 million in grants.

The magnitude of USAID-funded scholarship programs is illustrated by a case study of the EOC (the full case study is presented in Appendix C). By the end of 1993, more than 1,300 disadvantaged South Africans had completed overseas studies through the EOC-administered program. The number of overseas scholarships increased steadily from six in 1979 to a high of 150 new scholarships in 1986. The number pursuing overseas study then began to decrease as more emphasis was placed on providing bursaries (the term used in South Africa) inside the country and, more recently, on short-term training. From 1986 to the present, in addition to the overseas scholarships, USAID/SA has sponsored nearly 2,000 disadvantaged South Africans through EOC to study at 19 local, tertiary institutions. Scholarships have always been restricted to areas considered key to the future development of the country: business administration, computer science, education (especially administration and teaching of science and mathematics), engineering, finance, health sciences, law, public administration, social and hard sciences, urban/rural planning, and architecture. As domestic study opportunities increased for disadvantaged South Africans, emphasis has shifted from funding for bachelors degrees outside South Africa to funding for study within South Africa in these priority fields. External scholarships in recent years have been restricted to masters- and doctoral-level studies. This policy is a cost-effective use of USAID/SA funds, as domestic study is less expensive than overseas study.

By 1993, evaluation documents showed that 2,287 black South Africans had completed tertiary-level studies, mainly through USAID-founded programs administered via EOC. Two thirds of these program graduates were at that time employed in middle- and senior-level decision-making positions, an impressive figure. The largest number of EOC alumni were in the fields of education and public service, followed by the private sector. It is interesting to consider that although the CAAA mandated against the provision of funds to institutions which received funding from the South African government, thereby precluding the direct funding of virtually all but a few alternative educational institutions, the bursary and scholarship program did have an impact on the educational system through the work of the many graduates of USAID-funded programs who returned to work in the civil service as teachers and administrators. According to one document, "Even though most donors did not seek to help apartheid government, civil servants—especially educators—have been major beneficiaries of EOC programs (of which USAID/SA has been the primary donor), putting resources directly into the education system for immediate and eventual benefits (after apartheid structures are removed)."[4] The vast majority of EOC's alumni stated that they owed their positions to skills and degrees acquired through USAID-sponsored studies. The evaluation documents also observed that as a result of the USAID-funded program, "Blacks are making inroads into occupations and fields where their numbers were negligible previously, such as engineering, physics, environmental studies, and many subspecialties."[5]

Taking all of the implementers of USAID/SA scholarship programs into account, more than 6,000 black South Africans have received tertiary-level degrees since 1979 or are in the process of doing so. More were supported through earlier U.S.-funded programs. The United States has, thus, provided more tertiary-level assistance to South Africans than any other single donor country. Various sources cited by the SAIRR project a severe skills shortage in South Africa: by the year 2000 there will be a shortage of 500,000 skilled workers including managers and professionals; the shortage of skilled black workers is already critical, as public service and private enterprise vie for experienced managers[6]. Without the contribution made by USAID/SA, this surplus of demand over supply would be far worse.

2. Gender Equity

USAID/SA established gender equity as an objective of its scholarship programs and instructed contractors and grantees to seek to award 40 percent of available scholarships to women. A 1994 evaluation of EOC found the following:

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4 Gayla Cook, et al., *Evaluation Report of the Impact of Programs of the Educational Opportunities Council 1979-1993* (USAID/SA: Pretoria, 1994), 31.

5 Ibid, 9.

6 South African Institutes of Race Relations, *Race Relations Survey 1992/3* (SAIRR: Johannesburg, 1993) 622.

> Women have comprised 33 percent of EOC's bursars, less than some donors' goals but on par with black women's representation nationally in tertiary education. Parity in higher level education has been elusive. EOC's British and American bursary schemes in particular have made progress in selecting women for nontraditional fields, recruiting high proportions of women into study in the science, engineering, and business fields.[7]

USAID/SA has, therefore, made a conscious effort to improve the levels of black women's representation as tertiary education graduates. Overall, more than 36 percent of those awarded scholarships or bursaries are women, and gains have been made in providing training for black South African women in nontraditional fields.

3. Short-Term Training and Institutional Support

Beginning in 1990, STEP merged the two previous bursary activities and introduced a number of new features based on USAID/SA's experience—guidance from students, the black community, and implementing organizations; and recommendations from a 1989 evaluation of the bursary projects. In supporting the overall project purpose ". . . to prepare and empower black South Africans and selected institutions for positions of leadership and importance in order to promote peaceful change and a transition to a nonracial democracy," the project added short-term training and technical assistance to the previous emphasis on long-term training. Thus, the target audience was not only black South Africans who would ostensibly assume positions of leadership in government, the private sector, and NGOs, but also selected institutions that complemented the aims of STEP.

Some projects supported by STEP were designed to enhance the investment made in long-term training programs. Africare, a U.S. organization, was funded to provide internships for South Africans in the United States who had completed their long-term degree training. This practical experience has been shown to enhance their employability and effectiveness upon returning to South Africa. In South Africa, the South African Student Internship Foundation (SASIF) undertook a similar approach. Career counseling, virtually nonexistent for blacks in the former education system, has been supported through medium-sized grants ($100,000 to about $500,000) to several organizations—the Career Information Center in Durban; the Education Information Center in Johannesburg; the Soweto Career Center and the Thembisa Career Center (both in major black townships adjoining Johannesburg); and the South Africa Vocation and Guidance Education Association, serving guidance centers throughout South Africa. Other types of support were to coordinated South African bursary programs (the Bursary Council of South Africa); to math and science enrichment programs for disadvantaged South Africans (Planned Route in Science and Mathematics); and to a coordinating body for South African university staff, promoting communication and joint programs for universities (Union of Democratic University Staff Associations).

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[7] Cook, et al., *Evaluation Report of the Impact of Programs of the Educational Opportunities Council*, 25.

Apart from the very large, multimillion-dollar, long-term contracts to administer scholarship and training programs, the next largest allocation within STEP was for short-term training for disadvantaged South Africans, and promoting institutional strengthening of NGOs working in education, such as SASIF and the EOC. The largest single investment in short-term training and promoting institutional strengthening is the Tertiary Education Project Support (TEPS), operated by a U.S. Gray Amendment organization (women-owned). It is funded at $8.6 million over a five-year period. Recently, TEPS has expanded its focus from strengthening NGOs to technical assistance and training activities in support of the public sector on the national and provincial levels. The Foundation for Public Administration of South Africa (FPASA) has a medium-size grant to develop strategies for training public servants. Through implementers such as TEPS and FPASA, STEP supports short-term training within South Africa, as well as in other countries in the region, either at appropriate training institutions or through study tours.

The second largest short-term training award, after TEPS, goes to the Israeli Center for International Cooperation (ICIC). Funded since 1992 by STEP, 375 black South African women and men participated through mid-1994 in this leadership development program for representatives from trade unions and various types of community-based and political organizations. Initially controversial because of the opposition of many progressive South African groups to Israeli-South African cooperation and Israeli policy toward Palestinians, acceptance for the program has grown in recent years, based on acceptance of the separation of ICIC's goals from Israeli government policy and recognition of the effectiveness of the training, which takes place in Israel. A 1994 evaluation found that the training was very effective because of the:

> . . . appropriateness of Israel insofar as models and parallels (to South Africa, including) the ongoing negotiation of conflict inherent in the political history of the country; the need to provide extensive social services with limited resources, and a multi-cultural society with rich and diverse traditions.[8]

Of note is the special provision in the current grant agreement, stipulated by a 1991 evaluation, that the program implementation center shift from Israel to South Africa. This directly addresses the CAAA mandate of building black institutional capability.

In light of the severe shortage of professional and managerial human resources in all sectors, even worse among disadvantaged South Africans, investments in short-term training represent a reasonable intervention.

B. Support to Education NGOs

In addition to improving access to tertiary education opportunities for disadvantaged South Africans, since 1986 USAID/SA has also provided substantial support to organizations working

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8 Gayla Cook, *Mid-Term Evaluation of the Israeli Center for International Cooperation Training Programs for South Africans*, prepared for the United States Agency for International Development (Gayla Cook Associates: Yeoville, South Africa, 1994), 3.

in educare/preschool and primary education, teacher training, adult literacy, curriculum development, policy development, radio and video curriculum and training resources, and assessment and evaluation. This support has resulted in numerous innovative models that have been piloted at both the local and regional levels. The objective of two USAID/SA projects—Education Support and Training (ESAT) and the South African Basic Education Reconstruction (SABER)—has been to support indigenous NGO models that could be considered for implementation at the regional and national levels by the new, democratic government. SABER is a successor project to ESAT that provides larger grants to more effective ESAT grantees. SABER also expanded policy work, for which there was limited scope outside of government until recent years.

Begun in 1986, ESAT was designed to provide funds to "support all aspects of basic education in eight key areas."[9] It's design was revised in April 1989 to reflect the Education Sector Strategy of supporting ". . . indigenous, nongovernmental initiatives which test improved models for basic education for disadvantaged South Africans and confront the waste of human resources caused by the apartheid education system."[10] With extensions, the total amount of project funding through 1996 is $31 million.

ESAT's nine years of grantmaking in South Africa exemplifies the foundation style that is gradually being replaced by a more traditional USAID approach. The American foundation model is one in which donors build up relationships with potential grantees over time by talking to principals and visiting them on-site; learn the sector through interaction with activists in the field and fund promising activities that may be risky because the organization does not have a proven track record; provide gradually increasing support to small organizations that need to grow and develop organizational capacity; learn from grants that are not entirely successfully; and respond to timely needs, which may be short-term.

In an interim evaluation of ESAT published in March 1994, according to grantee reports,

> . . . tens of thousands of South Africans have received direct or indirect benefits as a result of educare providers trained, teachers whose skills have been upgraded, materials which have been developed to help students pass examinations, adults receiving literacy lessons from adult educators trained through literacy programs and so on.[11]

At that point, the grantees' combined performance far exceeded "the modest quantified outcomes" anticipated in the Project Paper Supplement. But as the evaluation stated,

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9 Jennifer Biscard, *An Overview:USAID/SA Basic Education Portfolio 1986-1993* (USAID/SA: Pretoria, 1993), 12.

10 Fredi Munger, et. al. *Education Support and Training Project*, prepared for USAID (Education Development Center, Inc.: Newton, MA, 1994), 6.

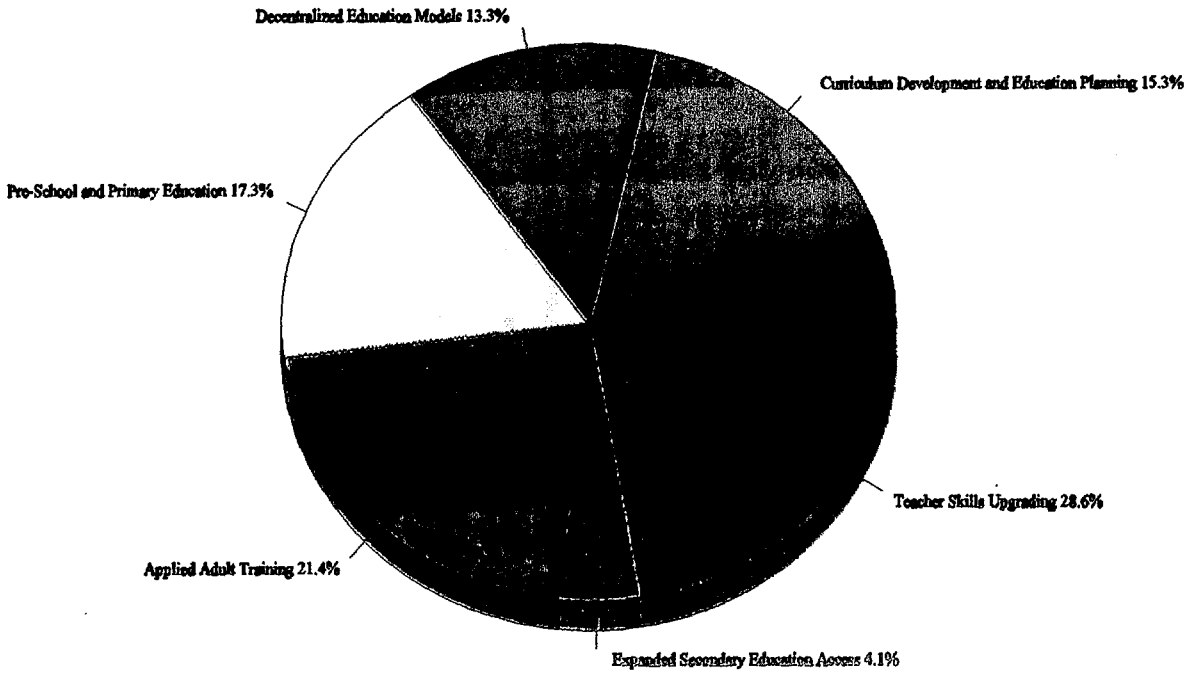
11 Ibid., 39.

> . . . given the scale of need the more critical question becomes: has ESAT supported models that are replicable or likely to have an ongoing impact on the education sector?[12]

An overview of the ESAT portfolio clearly shows the targeted education subsectors. The following are the categories and the percentages of funds spent on grants in descending order (as of the 1994 evaluation), and sample grants: 86 percent of project monies went to NGOs for programming; the remainder went to technical assistance to the NGOs and Personal Services Contracts for technical assistance and administration. The evaluation report stated: "Clearly, the

Figure 8

Use of ESAT Funds 1986-1993



[12] Ibid., 29.

method used under ESAT to manage the project has real benefits over the traditional use of large institutional contractors."[13]

For the purposes of the section that follows, small grants are less than $100,000; medium are $100,000 to $500,000; large are $500,000 to $1,000,000; very large grants are more than $1 million.

- **Professional Teachers' Skills Upgrading (28%)**—One of the few large grants given through ESAT went to Teacher Opportunity Programs to support 19 teacher training centers in Orange Free State and QwaQwa. Medium-sized grants went to at least two teachers' groups: the South African Democratic Teachers Union and the Cape Teachers' Professional Association. Grants of similar size were awarded to COUNT for teacher training in math education in the Witwatersrand and Eastern Cape; to English Language Educational Trust (ELET) for skills upgrading for primary and secondary English teachers in KwaZulu/Natal; for improving teaching skills of science and mathematics teachers in the Eastern Cape by the Independent Teachers' Resource Center; to activities to train teachers and support a loan scheme to allow minimally qualified teachers to complete their matriculation degrees (the equivalent of a high school diploma in the U.S.) operated by Project Matriculation (PROMAT): to English Language Materials and Programs (ELMAP) in the Orange Free State; to In-Service Education and Training (INSET) serving farm school teachers in rural Eastern Cape; to Maths Center for Primary Teachers for promoting better mathematics instruction in primary schools; to SPEAK in Alexandria, an economically depressed black township adjoining an affluent Johannesburg white suburb, to train "barefoot" teachers and test community acceptability.

- **Applied Adult Literacy Training (21%)**—Small grants were given to organizations promoting networking and coordination among adult education and literacy groups such as: the Umtapo Center in Durban for national literacy conferences; the Forum for Advancement of Adult Education serving the Guateng Province; the Forum for Adult and Continuing Education serving KwaZulu/Natal; the Hluvukani Literacy Association serving Northern Transvaal; to Lesedi Ukukhanya Community Project Organization, community-based literacy organizations in the Western Cape. Medium-sized grants were awarded to the National Literacy Cooperation, an independent network of 58 literacy and adult basic education (ABE) organizations; to Operation Upgrade for adult literacy teacher training in the KwaZulu/Natal region; to Ons Leer Mekaar for its bimonthly magazine for literacy learners and rural "colored" Afrikaans speaking communities in the Cape Province; and to Learn and Teach Publications, for publications aimed at promoting reading for adults with low-level literacy, distributed nationwide. A large grant funded coordination for adult educa-

[13] Ibid.

tion/literacy centers at five universities through Disseminating Education and Literacy (DEAL).

- **Preparation for Schooling and Primary Education (17%)**—Several organizations received medium-sized grants for training preschool teachers and developing learning materials for teachers and preschools, including: Border Early Learning Center serving the Eastern Cape; Early Learning Resource Unit serving all South Africa from Cape Town, especially Namaqualand; Entokozweni Early Learning and Community Service Center in Soweto; Grassroots serving the Western Cape; Khanya Preschool Association and Ekuhlaleni Community Preschool Project serving Cape Town townships; Ntataise Rural Pre-School Development Trust serving Rural Orange Free State teachers and farm schools; Queenstown Early Learning Center serving the Eastern Cape; Small Beginnings serving the Northern and Eastern Transvaal; South African Association for Early Childhood Educare, which accredits preschool teacher training courses and lobbies nationwide; and Training Resources in Early Education (TREE) serving Natal.

- **Curriculum Development and Educational Planning/Policy (15%)**-Florida Memorial College (FMC) working with the African Teachers Association of South Africa (ATASA) received a large grant to develop curricula for secondary education. However, the curriculum development work did not proceed efficiently, and the activity was redesigned and continued without FMC participation. Over the period 1987-1994, The South African Council for Higher Education (SACHED) Trust received a large grant for curriculum and materials development. The Independent Examinations Board (IEB) was awarded a medium-sized grant to develop independent examinations for adult basic education certification—it works closely with teachers and syllabi while developing the examinations. According to the ESAT evaluation, "Ultimately, its work will impact tens of thousands of youthful and adult students taking examinations."[14] A black performing arts school received a small grant to develop a music history textbook; a small group funded educational material in comic book form for the Storyteller Group and did research to measure its effectiveness.

  During the apartheid government, the scope for education policy work was quite limited. Medium-sized grants were given to the National Education Coordinating Committee (NECC) from 1991-1993 for research and seminars in education policy. The Educational Foundation received a large grant to support Edusource, a clearing house for educational data collection, research, and policy support.

- **Models for Decentralized Education (13%)**—Medium-sized grants to community-based schools all were funded during the period 1986-1991, after which time such institutions lost funding priority. Such grants were given to St.

[14] Ibid., 35.

Enda's Freedom Center School, Sagewood, New Era Schools Trust/Phuthing, Grace College, Qhakaza School Association, and St. Ansgar's, all in Johannesburg.

- **Expanded Access to Secondary Education (4%)**—A medium-sized grant went to the Southern African Association of Independent Schools (a euphemism during the period 1966-1993 for nonracial) to finance bursaries for disadvantaged students attending private schools.

- **NGOs Outside Focus Areas (2%)**—After receiving a small development grant, Ikemeleng was given a medium-sized grant to help it to conduct community-based remedial education and teacher outreach in Soweto.

A founding member of Qhakaza, a community school established in 1986, in response to the Soweto student uprisings and rejection of apartheid education, recalls that USAID was the only donor that responded to a request for funding. There was some tension when USAID funding ended after two years and parents, most with limited means, had to dig deeper to pay for their children's schooling. Yet, the school survived to the point where the state education system, which had previously sought to ostracize it for its independence, granted subsidies afforded to other, mainly white schools. Thus, Qhakaza eventually reached self-sustainability. Not all community schools were as successful as Qhakaza. This category of funding was phased out after about three years. It demonstrated that USAID/SA was willing to take risks in order to be responsive to community needs during the early years.

Adult literacy also became one focal area for ESAT support. This was after USAID/SA was able to overcome initial suspicion from COSATU, South Africa's largest labor federation, which was unwilling to collaborate openly with the Mission, until the early 1990s.

Two case studies prepared for this evaluation—TREE in Durban and the Early Learning Resource Unit (ELRU) in Cape Town, (See Appendix C, Case Studies)--illustrate how ESAT achieved its objective of testing models for improving basic education. Access to early childhood development (ECD) facilities is severely limited in South Africa. In 1990 only 11 percent of the 6.4 million preschool-aged children in South Africa were provided with any early childhood development programs. Black children were the most severely disadvantaged. A minuscule number of early childhood development programs were provided through government funding, despite convincing evidence that inadequate preparation of children at school entry accounts for many problems, including a high rate of grade repetition and dropouts. Without this preparation, many pupils lack the nutrition, health, socialization, and educational stimulation that prepare them for school and life.

"Educare" is the term used in South Africa to connote early childhood Development (ECD) and care for children. TREE and ELRU were established as independent, nonprofit, nonracial non-governmental organizations providing training and capacity building of educare staff, committees, and parents and mobilizing resources needed to support educare programs. TREE and ELRU, established in 1964 and 1978 respectively, functioned effectively long before receiving

USAID/SA funding. While both served disadvantaged black communities, both had primarily white leadership. For both organizations, one of the purposes of USAID/SA funds was the training and upgrading of black staff. Progress has been painstaking in both organizations due to the traditionally low salaries paid in this sector, which make attracting and retaining personnel difficult. ELRU's extension of services to rural areas has been another area of support for USAID/SA funding. In this manner, USAID/SA support has helped to build black human resource capacity at these two important early childhood development organizations. This enhanced capacity has further helped these NGOs to provide the new government with policy direction and services in this key education subsector.

Another instructive case study (See Appendix C, Case Studies) is that of the Education Foundation (EF). Prior to the establishment of the EF in 1990, data on the country's educational system was government-controlled, highly inaccessible, and used to support the racial laws of the country. As a result, education policy formulation was virtually nonexistent among progressive extra-parliamentary groups. Through USAID/SA's support, the work of the EF has resulted in an increased capability to inform policy across a wide network. The activities of the EF have assumed national significance and are of overall benefit to the country's educational reforms. The EF activities supported by USAID/SA include: Edusource, its education information clearing house; the Policy Support Unit, which combine a range of policy analyses and databases; and training for EF staff who then transfer skills to South Africans in various governmental and nongovernmental educational organizations. Since the 1994 elections, the focus of information transfer activities has been directed to the provincial level to assist with transformation of the education system.

Another strategic and targeted intervention in education policy was USAID/SA's support of the National Education Policy Investigation (NEPI). NEPI represented an ambitious and successful attempt to move the education community towards constructive policy development during the transitional period 1991-1994 and NEPI was an effort of the National Education Coordinating Committee through the Education Development Trust. NEPI brought together academics and practitioners in 13 different working groups to come up with agendas for policy reform. USAID/SDA provided funding support for four of the work groups: vocational training, teacher training, administration, and systems.

The NEPI development report brought together more than 200 researchers, many of them black females. The pool of available participants of color and gender was limited, however, reflecting the fact that in university communities, white males (albeit liberal) predominate. The NEPI series were widely consultative and extensively researched, and stand as frameworks for policy options for the new democratic government.

The SABER project began in 1992 when negotiations for a post-apartheid government were well underway. It was designed to assist South Africa to be responsive to the rapidly changing environment as it moved toward democracy. It explicitly sought to provide support for the expansion of projects funded under ESAT that had demonstrated their capacity to facilitate educational improvement in disadvantaged communities. SABER added impact evaluations and gender issues as "cross-cutting concerns" for all grantees. SABER focuses on four areas: teacher

training, school administration, curriculum development, and materials and technology provision, particularly at the primary school level.

SABER is more narrowly targeted than was ESAT, providing bigger grants to fewer organizations. Grantees received large to very large grants beginning in 1992-93. Most of the grants are still active. Recipients include the Association for Training and Resources in Early Education, the Early Learning Resource Unit, the English Language Education Trust, and the Maths Center for Primary Teachers and Teacher Opportunity Programs. In addition, USAID/SA's worldwide contractors in the education field are available on a quick turnaround basis (this process of a Mission's utilizing such contractor expertise is termed a "buy-in"). For example, by accessing the services and expertise of LearnTech, a worldwide USAID project in interactive radio instruction, USAID/SA was able to provide local NGOs with technical assistance in this field.

Inasmuch as SABER included mainly ESAT grantees, it is instructive to review the final conclusion on impact drawn in the 1994 ESAT evaluation (SABER is due for evaluation in 1995). According to the report, ESAT has been able to:

> . . . develop many new and innovative approaches to education in areas such as adult basic education, preschool education, teacher upgrading, curriculum and materials development. . . . USAID has positioned itself to play a role in helping the major actors to be here in the policy debate. Eighty-one percent [of ESAT's total investment] has been concentrated in curriculum development, professional teachers' skill upgrading, applied adult literacy training, and preparation for schooling and primary education. These four areas exactly match the policy concerns that are coming out of the South African education debate.
>
> The entire ESAT portfolio moves towards improving the skill levels of educational leaders in South Africa. From programs developed in the pre-school focus area for the training of educare workers, to the retraining of 4,000 tutors under Operation Upgrade in the applied adult literacy program and the vast PROMAT effort in professional teachers' skills upgrading (which involves the introduction of loan schemes to encourage teachers to upgrade their qualifications), the provision of critical skills training in education is a hallmark of the ESAT grantees.
>
> . . . [D]espite the fact that ESAT was conceived as a political response to apartheid and driven by the CAAA legislation up until 1990, USAID was able during the 1990 to 1993 period to successfully reorient ESAT to such a degree that the project is now able to meet a least 75% of the Mission's Strategic Objective 2 [having to do with education].[15]

[15] Munger et al, *Education Support and Training Project*, 57.

In summary, the ESAT and SABER expenditures enabled USAID/SA to achieve key objectives by working within the NGO sector. The 90 organizations funded by ESAT and SABER represent the vast majority of substantial educational NGOs in South Africa and some smaller, less well-established ones. Most of the organizations that responded to the evaluation survey—apart from those that were multipurpose—had education and training as their main goal. Affirmation of the role that USAID/SA has played in leadership and human resource development came from the current and former grantees and South African community leaders interviewed for the evaluation. The majority said that the greatest contribution that USAID has made in South Africa has been in the area of black leadership and human resource development.

C. Self Help

Self Help has a long history of providing a large number of small grants to community-based organizations (CBOs) each year from as early as the mid-1970s. During the period under examination, overall spending increased from $225,000 in 1986 to $500,000 in 1994, for a total of more than $4 million over nine years. Nearly 900 grants were made for a variety of projects including income-generating programs, general unions, after-school programs, youth center, church groups, and day-care centers. All of these grants were for less than $10,000.

II. HEALTH DEVELOPMENT

A. HIV/AIDS

In 1991, the Mission funded HIV/AIDS prevention and control activities focusing on both individual and societal interventions. This work was undertaken in a particularly difficult context due to government neglect of the issue and general skepticism regarding the extent of the problem in South Africa. In 1993, there were an estimated 500,000 active HIV cases in South Africa with an increase of 500 per day. The Mission focused its activities on education and prevention rather than treatment or care. It has intervened with technical assistance of programs funded from USAID/W, such as the AIDS Communication Project (AIDSCOM) and the AIDS Control and Prevention Program (AIDSCAP), which provide grants to several South African NGO AIDS projects.

According to the 1993 *USAID/South Africa Strategy Concept Paper*, four individuals were sent to a major international conference on HIV/AIDS in 1989, which marked the Mission's first intervention in this area. In 1991, $600,000 in obligations were recorded for prevention activities, and in 1992, $1.2 million. After 1992, the HIV programming was subsumed under the COLD project for accounting purposes and moved to the democratic institutional development portfolio.

III. THE IMPACT OF USAID ON SOCIAL CHANGE AND SOCIAL EMPOWERMENT

Throughout the period under investigation, the USAID program has aimed to support black access to public goods, especially education and health care. During the period defined by the CAAA, the bulk of resources for social development went to tertiary education funding, scholarships for study in the United States and bursaries for scholarships to South African institutions of higher education. USAID's assistance has been both direct, i.e., scholarships and bursaries, and indirect, i.e., support for policy and program development. Both direct and indirect support have had an impact on social empowerment of blacks in South Africa. This was a conclusion with which the vast majority of respondents agreed. Interviewees repeatedly cited education, especially higher education, as a vehicle for social access and influence. Over 70 percent of the NGO leaders surveyed agreed that U.S.-funded educational programs have had a positive impact on black individuals and on South African institutions. There is ample evidence upon which to support this positive assessment:

- **Expanded advanced education and training opportunities for disadvantaged South Africans**—USAID has financed formal post-secondary education and training opportunities for approximately 6,000 black South Africans. One grantee handling bursaries, the EOC, names 200 individuals who were supported by USAID and who now hold important positions in the new government as Ministers, Directors General, parliamentarians, and senior advisors. Hundreds more occupy the ranks of the bureaucracy in important administrative posts, while others remain in the NGO community or participate in the business sector.

- **Developed black human resources in skill areas critical to South Africa's development**—These areas include fields from which disadvantaged South Africans were traditionally excluded, especially engineering, science, business, and public administration. A substantial proportion of the black engineers in South Africa were trained through the USAID-funded program administered by the EOC in South Africa, and by IIE and Aurora in the United States. USAID joined with the World Bank to fund the Macroeconomic Policy Analysis Program, the first effort to train and equip a cadre of blacks with skills in macroeconomic policy development and design. In the education field, many specialists who are in fields with high demand today were trained through USAID-funded programs, including curriculum development specialists, education technologists, and education administrators.

- **Built institutional capacity at traditionally black universities and in educational NGOs**—By working with direct scholarships, USAID adhered to the restriction against working directly with South African government-funded institutions and supported several vehicles for bolstering black university staff development and capacity expansion. These included the University Linkages Programs, the US/South African University Faculty Skills Enhancement Program

and a new project, the Tertiary Education Linkages Project. Through these programs USAID has gradually helped to redress a situation in which most black staff at these universities have degrees and positions junior to their white counterparts and less research experience and productivity. An evaluation report indicates that black university faculty recognize the leadership role played by the EOC, through funding provided by USAID, in developing its institutional capacity. Through the Career Development Fellowship Program of the EOC, university administrators from black institutions have been able to forge professional links with colleagues at American institutions and enhance their administrative skills and systems knowledge.

- **Promulgated in South Africa the concept of the community college**—As a means of providing greater access, equity, and relevance to the curriculum in higher education, USAID has provided training and technical assistance to leaders in this movement. The contribution is showing signs of success. Several notable achievements in the KwaZulu/Natal and Gauteng Provinces and elsewhere indicate that as the higher education system is transformed, it will draw on the experience of the community college movement in the United States.

- **Supported education policy formulation and capacity**—Education policy in the new South Africa has been informed not only by U.S. experience in universal and decentralized education delivery, but by the introduction of policy analysis tools. The United States has been important in helping South Africa's majority analyze its options in unifying its education system and in making quality education available to all children. Evidence of the U.S. role in education is apparent in policy documents, which use these analyses to set goals and to evaluate resources available to education. Policy dialogue has helped bring realism to the education debate and to provide a basis for all parties to negotiate from an informed basis. A 1994 evaluation of the ESAT portfolio showed that one outcome of USAID's investment in education was that it had helped "strategically position" several NGOs to play significant roles in education policy formation. [16]

- **Advanced models of nonracial education**—USAID's support of community schools helped to demonstrate the viability of nonracial education. When the new government was elected, numerous models for integrated schooling existed throughout South Africa. The assistance of the United States and other donors, domestic and international, was important in establishing a basis for unifying the education system.

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[16] Ibid, 56.

- **Strengthened professional educational associations**—Professional associations of educators have made important contributions to development of post-apartheid educational programming. Schooling under apartheid had created a system that was not only woefully unequal, but grossly inadequate in quality. USAID strengthened a number of professional associations in South Africa that have made, or are in the process of making, important substantive changes in education. These changes are not trivial; they reflect the core values of the society. For example, USAID has contributed to the academic development programs at universities so that disadvantaged students can successfully complete higher education[17]. With USAID financial assistance, the South African Association for Academic Development (SAAAD) has provided leadership and coordination in this important area. From its inception, USAID has supported the Foundation for South African Public Administration (SAFPAM). This organization promises to be an important force in reforming the teaching of public administration throughout the country. USAID has worked with the Bursary Council of South Africa (BCSA) to address issues of reform in the financing of higher education; and it has worked with South African Vocational Guidance Education Association (SAVGEA) to help bring relevance to academic curricula.

- **Fostered innovations for reconstruction of education**—USAID has fostered innovation in education that will surely have a lasting effect on schooling. USAID has contributed to initiatives in science and math education, to teacher training, to early childhood education, and to basic education and literacy. The result of this effort is that throughout the country there are some viable examples on which to build as the whole system moves toward transformation.

- **Nurtured and sustained education NGOs**—NGOs have played a key role in the ending of minority rule in South Africa and in advocating equitable policies and programs. USAID contributed to ending apartheid by supporting numerous NGO operations. Additionally, these NGOs were training grounds for future government leaders—it is possible to identify, even this early in the new government, many individuals whose skills were acquired in managing and directing NGOs.

  Evaluations reviewed by the study showed that many educational NGOs were able to increase their service delivery and develop their staff capabilities through USAID funding. Many in the fields of preschool training, adult education, and curriculum development research reported that USAID funding supported them at critical points in their growth. Although USAID funds went to many institutions,

[17] Since the South African Government did not provide funds for academic development, support and "bridging" programs, and other interventions aimed at assisting students from disadvantaged communities in successfully adjusting to and completing university studies, and since these programs were usually administered by organizations which were not formally components of the universities, USAID/SA was able to provide grants to support such activities without violating the CAAA mandate which forbid funding support for entities receiving monies from the South African Government.

both black and white led, USAID's support to key black-led institutions has allowed them to become central players in education.

CHAPTER 5.

POLITICAL DEVELOPMENT PROJECTS

The most obvious effect of apartheid was its exclusion of the black majority from the process that determined its political destiny. Political empowerment has, therefore, been the crucial focus of the struggle against apartheid across a broad spectrum of liberation ideologies, and lies at the heart of the CAAA mandate. As forcefully articulated in the 1993 *USAID/South Africa Strategy Concept Paper*:

> USAID/South Africa is one of a very few Missions in which strategic goals are unambiguous and limited. The CAAA legislation is unequivocal about what our overriding goals should be: *the dismantling of apartheid and the preparation of South Africa's disadvantaged population for a leadership role in a post-apartheid South Africa.*[1]

In developing its implementing strategies through which to promote political empowerment, USAID/SA was able to build upon a rich legacy of commitment to the dream of a democratic future which had survived even apartheid's most difficult days. Further, despite wholesale political oppression, disadvantaged South Africans *practiced* democratic participation in the myriad NGOs, labor unions, civic associations, church groups, university structures, human rights organizations and other bodies which, during the 1980s, together constituted the major internal opposition to the apartheid regime; it was these organizations and institutions which increasingly assumed genuine political power through mass mobilization including strikes and through the development and operation of alternative societal institutions.

These organizations and grassroots institutions thus became the nexus through which USAID/SA sought to promote the process of political empowerment. In the early years, the Mission's approach concentrated on symbolic actions, extensive outreach, and building bridges with the victims of apartheid. Programming in the political arena fell into two broad categories: the development of community organizations and leadership and the advancement of human rights. Later, as the transition progressed, USAID/SA focused more explicitly on the development of political institutions and organizations that contributed to a pluralistic and tolerant policy debate and that had the capacity to mediate and mitigate conflict. In the final period of this review, the program provided significant support to the preparations for elections. The 1993 *Strategy Concept Paper* states:

> As an outside agency, it makes sense for USAID to focus more on the process of democracy than the conclusion, to concentrate on helping to building the framework for a functioning democracy without 'taking sides' or trying to determine beforehand the policy decisions that a democratic government might

[1] U.S. Agency for International Development, *USAID/SA Strategy Concept Paper* (Pretoria: March 1993), 38.

> take. South Africans, not outside governments, will ultimately have to reach consensus on a new constitutional dispensation. During the transition period, our focus will, therefore, be on supporting institutions and activities which contribute to the negotiations process and support the kind of framework needed to sustain a democratic, post-apartheid South Africa.[2]

Five projects reflected the CAAA objective of political development and empowerment. They were:

- Community Outreach and Leadership Development, 1986 to 1998
- Human Rights, 1987 to 1995
- Transition to Democracy, 1991 to 1994
- Building Democratic Institutions, 1987 to 1992
- Transition Support Fund, 1993 to 1997

Funding through COLD and Human Rights, though lower in overall expenditure than the Social Development and Economic Development sector investments (see Figure 4, page 31), represent the broadest outreach to disadvantaged South African communities, similar to the wide reach of the Self-Help Fund described in the previous section. More than 770 grants (some of these being repeat grants to the same organization) were made from the COLD and Human Rights projects up to 1994, to a wide range of large and small organizations all over South Africa, in urban and rural areas.

I. CIVIL SOCIETY AND COMMUNITY DEVELOPMENT

A. Community Outreach And Leadership Development

Despite South African Government opposition and repression, community-based and other NGOs have persistently sought to give black South Africans an opportunity to express their objectives and priorities through peaceful means, and from the start, the USAID/South Africa Mission clearly recognized the need to "...demonstrate concrete American support for such community-based organizations."[3]. Furthermore, the CAAA, itself, mandated that, in funding, priority be given to those organizations that had the support of the disadvantaged communities being served.

This analysis and legislative requirement resulted in the development of the Community Outreach and Leadership Development (COLD) project, the Mission's principal long-term initiative in this

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[2] U.S. Agency for International Development, *USAID/SA Strategy Concept Paper* (Pretoria: March 1993), 40-41.

[3] Ibid, 1-2.

area.[4] The criteria employed in the selection of grantees reflect the theme of facilitating the political empowerment of the disadvantaged populations. These included: favoring groups which had the explicit objective of ending apartheid; funding activities that were seen to strengthen communities' abilities to address their own needs and directly develop community leadership; and ensuring that the procurement of commodities and services would be directly linked to community impact or leadership development.

In 1988, COLD provided support to community groups in the following six areas:

- **Democratic Processes**—Funding to groups that promote interracial dialogue and that provide the means for participation in community affairs and the development of leadership skills

- **Youth Programs**—Funding to service organizations that provide counseling, training, and leadership development to increasingly alienated and disillusioned youth

- **Women Under Apartheid**—Assistance to activities empowering women, advancing their contribution to the transition and their equitable participation in post-apartheid society

- **Rural Awareness Programs**—Support to activities that raise the awareness and consciousness of rural communities in order to diminish an apartheid-induced dependence mentality and thus challenge the basic premises underlying the homeland strategy

- **Information Sharing**—Support for community-based publications in order to promote the idea of a free and independent press

- **Leadership Training**—For the staff of NGOs involved in all of the COLD-supported activities in areas including project design and implementation, community development and leadership

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[4] The centrality of South African NGOs remains a continuous thread in USAID/SA's implementation strategy. In 1993, this was reaffirmed in the *Strategy Concept Paper*, where it was stated that it had become:

"...increasingly clear to USAID/SA that the South African NGO community is much more than simply a useful programming mechanism in the absence of a bilateral aid agreement; it also can help to ensure accountability and honesty in whatever post-apartheid government emerges. In effect, it is the bedrock on which civil society is built. A strong network of indigenous NGOs, working outside of government, articulating diverse concerns and mobilizing individual communities, is thus an essential feature of our strategy and will continue to be a recipient of our funding."

The explicit focus on black-led organizations articulated in the 1993 document was aimed at "levelling the playing field" so that the NGO leadership structure would better reflect the demographics of the country. Figure 5, Chapter 3 (see page 58) shows how this adjustment was reflected in the pattern of Mission funding, shifting a more equitable allocation of funding to black-led groups.

The COLD grantee mix demonstrates the "foundation style" of grantmaking and the political objectives of the early years. The 1986 Project Paper specified four South African organizations which in turn made grants to about three dozen grantees initially. Over the years, as the mission staff made new contacts, learned about community needs, and as the mission program gained credibility, dozens of new grantees were identified. From 1993 COLD's components were expanded to include support for South Africa's electoral processes and to provide a greater emphasis on "programs and activities to peacefully resolve conflict, mediate against violence and strengthen civil society" as the first democratic election approached.

In 1986 and 1987, the COLD project consisted of a smaller number of larger grants relative to the Human Rights project. The largest recipients in the early years were the Wilgespruit Fellowship Center (this relationship ended acrimoniously in 1991-92 due to rifts among the leadership of the group and USAID/SA's decision to take the side of those leaving the institution), the Funda Centre, and the Legal Resources Centre (for funding political trials and training black lawyers). Other grantees were the Careers Centre, the Natal Education Organization, the Natal Red Cross, and the Institute for Black Research.

The eclectic mix of organizations receiving funding in 1986 and 1987 illustrates the Mission's flexible approach, especially in its early years. Organizations that would later be funded through one of the other sector projects (education, private sector, human rights) were initially funded by COLD. The "political" imperative of the early USAID program emphasized obtaining funding for worthy activities rather that worrying if they fit strictly into a project area.

In 1988, USAID/SA concentrated on a few large grants. It began funding the Trust for Christian Outreach and Education (TCOE), the Black Education and Research Trust, and the Careers Research and Information Centre, for its technical training and career guidance activities (later moved to the education projects for funding). In 1989, large grants went to Operation Hunger to fund small self-help development projects nationwide, the Centre for Intergroup Studies, and to Black Sash for its support of advice center operations and training of advice office workers. The National Endowment for Democracy (NED), a U.S. group, was funded for a number of projects it operated in conjunction with South African organizations.

In 1990, COLD bought into the worldwide AIDS Communication Project (AIDSCOM) as well as making large grants again to Wilgespruit, NED, and, for the first time, to the Independent Mediation Service of South Africa (IMSSA), the Vuleka Trust, and the Rural Advice Centre. IMSSA trains mediators and promotes labor/management and community mediation and arbitration. The Vuleka Trust provides training programs in community leadership, conflict resolution, and youth development. The Rural Advice Centre works in rural communities in the Northern Transvaal and Natal to advise them on community organization, rural economic development, and installation of water systems. In 1991, 25 smaller grants were made, and large grants went again to Operation Hunger and the Rural Advice Centre. A grant to the Media Defense Fund to defend journalists against press restrictions was one of a number of grants to support press freedom in South Africa.

Several U.S. organizations received funding in 1992, including Africare, to support this major African-American PVO in establishing a Johannesburg office; the National Democratic Institute; and to the U.S. Information Service (USIS). The USIS cooperative agreement funded exchange programs between the United States and South Africa that promoted overall COLD objectives.

The breadth and diversity of the activities support through COLD in areas other than voter education, is reflected in the examples presented below:

- **Democratic Process**—Grants were awarded to the Zikhulesni Community Programs to provide training for burial societies to use economic resources for business and community development projects; to Valley Trust to train community development committees and support advice centers; and to the Community Law Center in Natal to train paralegals and publish human rights material.

- **Youth Programs**—Under COLD, the Mission provided funds to the South African Association of Youth Clubs to offer leadership training for youth clubs; to the Advice Centers Association to train youth in conflict mediation and train advice center staff; and to the Center for Socio-Legal Studies to promote street law programs in South African schools.

- **Women Under Apartheid**—The National Association of Democratic Lawyers (NADEL) was funded to organize and conduct a conference on constitutional means to achieve women's rights.

- **Rural Awareness Programs**—Funding in this area was given to the Environmental and Development Studies Program to support rural development programs; the Institute of Natural Resources to support rural development programs; and to Rural Legal Studies in Stellenbosch to promote farm-related legal studies and reform.

- **Information Sharing**—Grants were awarded to the Media Training and Development Trust for media training in disadvantaged communities; to the Community Education and Development Trust for community education programs; to the Cooperative for Research and Education (CORE) for funding material development, research, and education programs for community-based organizations and trade unions; and to People's Express in the Western Cape to support an internship program for black journalists.

- **Leadership Training**—Funding was provided to the South Africa Black Social Workers Association to support youth leadership training and AIDS education, and to USIS for exchange programs for South Africans to travel to the United States.

In keeping with standard USAID practice, a mid-term evaluation of COLD was conducted in 1990.[5] The evaluation considered whether the project's goal, purpose, and objectives remained valid, or needed to be modified in light of experience and changing conditions in the country. While supporting the COLD's ongoing relevance, the report noted that many current and potential project grantees could benefit substantially from technical assistance in organizational development and financial management and administration. The importance of helping strengthen the administrative infrastructure and enhance the organizational capacity of grassroots NGOs serving disadvantaged communities was an issue that had concerned USAID/SA from the outset of its operations in South Africa. According to the Action Memorandum of the 1986 Project Paper authorizing the COLD project, the incoming Mission Director, Timothy Bork, had requested that USAID/SA be provided:

> ...adequate technical assistance to support the mission in financial and management oversight of project grantees, as well as other advisory services as might become necessary. He was particularly concerned that he have locally available resources to monitor grantee financial and audit-related performance. These resources may be necessary, given the relative inexperience in auditing procedures of some of the groups AID is likely to be dealing with.[6]

In view of this need, following the COLD midterm evaluation, USAID/SA contracted with a U.S. Private Voluntary Organization (PVO), Private Agencies Collaborating Together (PACT), to provide such technical support services.

Under the CAAA guidance, USAID/SA viewed support for South African NGOs, particularly township-based, black-led CBOs, to be the principal vehicle for achieving its objectives of black empowerment and ultimately, for the end of the apartheid system and the creation of a democratic, nonracial society. While perhaps underestimating the scope of the threat posed by these NGOs, the South African Government did take action to try to cut off the NGOs, international funding base, as well as to harass and arrest their leaders. In part, to resist this assault more effectively and also to provide more comprehensive services to the disadvantaged population, local, regional, and national networks and coalitions were organized. In its program of outreach to the NGO community, USAID/SA quickly recognized the strategic importance of these "umbrella" organizations and their ability to reach into the grass roots and, thus, have a broader impact than a single, discrete program.

The Social Change Assistance Trust (SCAT) is a good example of such an organization, but one with which USAID/SA has begun to work with only recently. SCAT's beginnings, occured in 1984, when three politically active Capetonians met with the Norwegian Ambassador to discuss means to provide support to beleaguered local community organizations actively engaged in the

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5 Management Systems International, *Mid-Term Evaluation Report Community Outreach and Leadership Development Project "COLD"* (MSI: Washington, October 26, 1990).

6 U.S. Agency for International Development, *South Africa Community Outreach and Leadership Development (COLD) (674-0301) Project Paper*, (USAID, Washington, 1986), 3.

anti-apartheid struggle. Funded by a modest grant from the Church of Norway, and organized by three voluntary trustees and later with the assistance of a part-time secretary, SCAT quietly began to disburse funds to support anti-apartheid community initiatives. From these necessarily rather secretive beginnings, and with a donation of R150 from its three trustees, SCAT was formally registered in June 1985 with the goal of supporting "projects in Southern Africa aimed at promoting social change and an egalitarian society."

By 1990, and still under church funding, SCAT had grown to a paid staff of four and was providing technical assistance, training, and funding to 70 projects conducted by various community-based, anti-apartheid organizations. With the release of political prisoners and the unbanning of political parties in February 1990, SCAT refocused its activities, concentrating on supporting "community controlled development projects in deprived rural areas." In 1992, SCAT delivered community development, organization, and technical assistance and training to 60 rural CBOs in what are now termed the Eastern and Western Cape provinces. SCAT employs a formal model of rural development in which trained field-workers assist the often remote communities to develop and/or strengthen their local organization. SCAT disburses funds to these groups in a planned and orderly manner, contingent upon their achievement of organization and community development goals.

In 1993, SCAT turned to USAID/SA to assist in supporting an expanding and increasingly labor-intensive program of support for rural, black-led CBOs. Under COLD, the Mission initially provided a grant of $260,000, which, in 1994, was amended to $520,000. Funding from USAID/SA has enabled SCAT to expand and intensify its rural outreach and support activities to advice centers, legal resource centers and other community organizations throughout the Cape. Through its support of SCAT, the Mission has been able to reach rural communities it would otherwise, due to staff limitations, be unable to assist. In a sense, then, SCAT functions as a kind of mini-Mission, reviewing funding requests, sending out field staff, dispensing and monitoring funds and providing technical assistance and training to 75 CBOs, of which 14 are entirely funded through the USAID grant. USAID funds have also helped to develop SCAT's infrastructure and to strengthen its capacity to provide services to a wider network of communities.

The founding of the Trust for Christian Outreach and Education (TCOE) in 1983 was also a direct response to the government's threat to prohibit anti-apartheid CBOs from receiving foreign funding. Four community organizations in different regions of the country[7] met under the auspices of the Federal Theological Seminary, which agreed to found TCOE as a project under its "protective umbrella." Now in its eleventh year, TCOE is comprised of eight regional organizations serving urban and rural constituencies in the Northern, Western, and Eastern Cape Provinces and in KwaZulu/Natal and the Orange Free State, with a national headquarters office in East London. Despite its size, TCOE remains a nonsectarian CBO with women in significant leadership positions.

[7] They are Zingaa (King Williams Town), Masifundise (Cape Town), Masifunde (Grahamstown), and Ithuseng (Tzancoa).

TCOE's eight regional offices conduct programs of community development and service in some of the most economically and socially disadvantaged areas of the country. Taken as a whole, TCOE is the largest provider of basic, "mother-tongue" literacy in South Africa, providing literacy classes to hundreds of adult learners in often remote rural villages. TCOE also offers social and cultural programs for children and their parents, serving thousands of children yearly, and provides more than 1,000 bursaries, tutoring, study support, resource centers, and career guidance for black students. Several program beneficiaries interviewed in Zingisa spoke of how TCOE's support enabled them to complete their education and find employment—several were now volunteers in the organization. TCOE has also begun to support community co-ops and banks and to link literacy training and economic enterprise activities. The organization's National Training Unit provides training and technical support to the regional offices and to other CBOs.

As an organization committed to the empowerment of South Africa's black poor, TCOE has developed and utilizes a philosophy it terms "People's Participatory Planning and Action" (PPP), an empowerment-based community development strategy. Working with small grassroots groups, the TCOE regional staff serve as facilitators, assisting the community members in defining their needs and priorities and in developing strategies and plans for change and development.

Since its initial grant in 1988, USAID/SA has expended more than $3.5 million in support of TCOE's program activities, funds which have come from both education (ESAT) and community development programming (COLD). This process of sustained support has given the organization an opportunity to strengthen its administrative and management functions and maintain active community-led projects in dozens of disadvantaged communities across the country. From USAID's perspective, this has been a valuable investment, particularly in that, as an "umbrella" organization, TCOE provides access to many CBOs and communities and thus represented a means of operationalizing the CAAA's intent.

More detailed descriptions of SCAT and TCOE will be found in the Appendix C, Case Studies.

Support for AIDS prevention projects went to several community organizations, with the intention of bolstering their capacity, in addition to supporting their program objectives. Grantees included: Progressive Primary Health Care Network/AIDS Program and Township AIDS project. African Research Education Puppetry was supported to promote AIDS education through innovative puppetry. In the Cape Town area, the Belleville Community Health Project was given financing to promote AIDS education in schools and the local community. Additionally, the worldwide AIDS Communication (AIDSCOM) program is one in which grants are made available to community organizations.

II. HUMAN RIGHTS AND DEMOCRATIC GOVERNANCE

A. Human Rights

USAID's Human Rights project is defined as the principal vehicle through which the United States directly confronted both the human rights violations inherent in the apartheid system and those committed against persons seeking to change the system. As described in 1988:

> The program seeks to empower a wide range of community-based anti-apartheid groups and individuals to continue their efforts with greater confidence and competence. To the extent that the activities funded are successful, the project also reinforces the use of nonviolent options in anti-apartheid efforts. In addition, it supports efforts to develop and disseminate proposals for a democratic and nonracial South Africa.[8]

The program was earmarked by Congress in four mandated areas:

- **Small Human Rights Grants**—The legislation mandated a ceiling of $10,000 for grants which, until 1987, were granted to community groups mitigating the effects of apartheid. In 1987, the Mission sharpened its focus on protecting and enlarging civil rights and specifically on resisting the enforcement of apartheid laws.

- **Legal Assistance**—This area mandated grants of a maximum of $100,000 toward the legal defense of political detainees and prisoners, for assistance to their families, and to groups peacefully resisting the implementation of apartheid policies like forced removals.

- **Victims of Violence**—Humanitarian assistance to victims of violence and to their families was specified in the CAAA legislation.

- **Democratic Alternatives**—Under this area, funds were earmarked "for black groups which are actively working toward a multi-racial solution to the sharing of political power . . . through non-violent, constructive means."

By 1993, the issues pertinent to this project and the language around its strategy had shifted considerably. In 1993, the legislation with specific earmarks for human rights programming was repealed and the program focused more on ensuring that fundamental civic and political rights would be respected under a rule of law accessible to all South Africans. The work is now captured under the category of Legal Support, and emphasis is placed on prevention of human rights abuses, on expanding awareness about legal rights, and in training community-based paralegals. There is also additional focus on expanding the number and skill level of black lawyers. In 1993, less than ten percent of articled lawyers were black. Under funding from the

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[8] U.S. Agency for International Development, *USAID South Africa Program Strategy*, "Program Strategy Statement" (Washington, D.C., June 1988), Vol.I, 31.

COLD project, continued support will be offered for efforts to challenge de facto discrimination and for the monitoring and protection of human rights.

In 1986 and 1987, the Human Rights project disbursed mostly small grants, none over $10,000, to many local advice offices and to other small local initiatives to provide assistance to the community. During this period, the few large grants went to the Black Lawyers Association (BLA) (see Appendix C, Case Studies) as well as the Legal Services Education Foundation, Lawyers for Human Rights (LHR), the Advice Centers Association, the Legal Resources Centre (LRC), the Rural Legal Services Project, the South Africa Red Cross, and a few, private law firms providing defense services in political trials.

One private law firm applauded USAID/SA's use of private firms doing human rights litigation. Chennels Albertyn (CA) in Stellenbosch is one of many grantees for human rights work in South Africa. The firm maintains that without USAID/SA funds, South Africans would not have been able to legally intervene against repression and defend themselves, an opinion also expressed by other legal practitioners. In an oppressive situation when people do not have rights, the use of legal procedures enable people to develop rights or gain relief. For example, according the lawyers involved, local residents assert that when USAID/SA supported lawsuits to defend unlawfully fired farm workers or victims of farm owner assault, a message was sent to farmers to cease such practices. The CA attorneys believe that the Mission's funding of such cases was both cost effective (their cases averaged R3,500) and had an important impact in protecting the human rights of disadvantaged South Africans.

In support of the CAAA's human rights objectives, obligations were made in categories including small grants (as much as $30,000, but usually subject to the $10,000 ceiling if for legal advice services) and grants to provide legal assistance, to aid to victims of apartheid and to conduct relevant research.

The victims of apartheid requiring legal assistance ranged from political activists to farm workers and groups of oppressed South Africans. Notable trials supported through this fund, apart from the Delmas Trial described in Chapter 3, include litigation for victims of the Boipatong massacre and victims of police/security force brutality in Phola Park (an informal settlement outside Johannesburg). The International Committee for the Red Cross was funded to provide direct assistance to victims of violence in the form of food parcels, blankets, and funeral costs. USAID/SA has funded civic associations ("civics") on a regional and national level to provide civic and general advice to disadvantaged South Africans, on issues related to land, housing, and local government. Funds were also provided to civics and other community-based groups to enable their members to give evidence before the Goldstone Commission, which was investigating violence in South Africa.

Between 1988 and 1991, the Human Rights project continued to disburse a large number of the small (less than $100,000) grants, generally for legal and general advice services: 54 in 1988, 75 in 1989, 70 in 1990, and 70 in 1991. In 1992, 77 small grants were made, and in 1993, 91 were made. Medium-sized grants ($100,000 to $500,000) were made to a smaller number of organizations. Apart from private attorneys defending victims of apartheid, various law-related

research projects were supported. The Centre for Criminal Justice in Pietermaritzburg, for example, investigated police and security force behaviors during demonstrations and examined new policing methods for South Africa. The Foundation for Contemporary Research was funded to provide training on local government issues and concerns. Grants to firms were usually targeted to help specific communities of the disadvantaged, such as rural South Africans, disadvantaged South Africans seeking to reclaim land forcibly taken from them, and hostel dwellers. The Institute for Multi-Party Democracy (IMPD) was supported with a grant of $2 million for its program to promote transition to a democratic, multi-party post-apartheid South Africa.

An instructive lesson on the benefits and challenges of capacity-building is provided in a case study of the Black Lawyers Association (BLA). The BLA was established in 1977 in response to an attack on black lawyers that culminated in their prosecution for practicing in so-called "white," areas, in contravention of the Group Areas Act. The BLA seeks to oppose discriminatory and unjust laws and to increase the quantity and quality of black lawyers. With a view to achieving these objectives, the BLA Legal Education Center was set up in 1985. The initial money was provided by the Carnegie Corporation, the Ford Foundation, and the Ax Foundation. Subsequent financial support came from USAID and SALSLEP.

BLA Legal Education Center projects include a bursary scheme (to see more black law students go through university by providing them with financial support); Practical Legal Skills Seminars (to provide training for articled clerks and junior attorneys); placement of aspiring articled clerks (by liaising with law firms and working with white firms to resolve problems concerning black clerks); production of the African Law Review; training in conducting trials; a Legal Defense Fund; a Litigation Department (for labor, political, and general human rights cases); and Law Clinics/Advice Centers around the country (for consumer, labor, police assault and housing cases).

The BLA has an established role in the community and has grown consistently over the years, providing more services to the general population through increased legal clinics and ongoing training to black lawyers around the country. By 1993-1994 bursary recipients had increased to 25 law students, 30 candidate attorneys were subsidized, 18 candidate attorneys received assistance in preparing for the board and bar exams, trial advocacy training took place in nine sessions throughout the country, mock trials were staged in three locations, and three special workshops were conducted. The number of cases handled by the Litigation Department almost doubled, from 57 in 1992-1993 to 103 in 1993-1994. The five law clinics continue to render services to the indigent and disadvantaged communities, handling a total of almost 300 cases over their years of operation. The Legal Defense Fund has assisted in critical political cases over the years, but had a very difficult year in 1993-1994 due to an extreme load of applications as the South African Legal and Defense Fund (SALDEF), a complementary source of support lacked resources. The Research Department identifies and investigates issues of concern to large numbers of people within the disadvantaged legal fraternity. The Publications Department continues to publish the African Law Review and other newsletters/brochures.

BLA is currently facing dilemmas that are broadly experienced within the NGO community regarding identifying secure medium- and long-term funding and redefining its mission to match the new political reality. While USAID, like other donors, is reconsidering the mix of resources that will be available to the NGO sector and defining its relationship with relevant government structures, USAID is committed to supporting NGOs with a clear post-apartheid function. BLA has established itself as a group with a sustainable role in a post-apartheid environment, particularly in the area of constitutional litigation and in the legal education of the community through its legal clinics, as well as in the upgrading of black lawyers' professional skills especially in the commercial arena. There are a number of similar NGOs such as Lawyers for Human Rights (LHR), National Association of Democratic Lawyers (NADEL), and Legal Resource Center (LRC), that do collaborate, but there is a danger that the competition between them in an environment of dwindling resources will be destructive.

In 1994, the Human Rights programming was shifted into the COLD portfolio once the CAAA legislation was repealed, but continued to focus on priorities set in the 1993 *Strategy Concept Paper.*

Most interviewees from South African human rights organizations felt that, along with education, USAID's greatest program success was in the area of human rights. Through human rights support and support of NGOs doing this work, some of which would not have been organized or perhaps survived, without Mission support. Organizations like IMSSA, LHR, and the LRC helped advance the political transition process. USAID's program and support in democratization, human rights, and support of civil society structures was extensive, with large-scale support which was critical to the unique transformation that has taken place in South Africa.

USAID funded the training of paralegals in communities that otherwise had no access to justice. A grantee in an out-of-the-way rural advice center in the Northern Cape says that USAID's assistance made people feel that they had leeway with the apartheid system, "gave them confidence and fearlessness."

USAID supported advice centers throughout South Africa. These advice centers served many purposes: voter education, human rights, and new developments in the community—most were based in rural areas and townships. They facilitated the development of black leaders (the vast majority of staff were black) located in townships and rural areas. Many people trained, from grassroots backgrounds, moved up to higher-level positions in advice centers and other NGOs.

B. Building Democratic Institutions

This project consisted of large grants to the National Endowment for Democracy (NED) in Washington, which in turn, channeled the funding to South African organizations. Grants were made between 1986 and 1989 for a total of $1.8 million. NED's approach was to give support to activities which protected the rights of South African blacks; promoted change through nonviolent and democratic activities; and provided training and assisted community development

projects—all with the purpose of assisting black South Africans to prepare themselves for a more democratic country.

The South African organizations supported under this project included the Black Consumers Union (BCU), which succeeded in establishing itself as a powerful voice for disadvantaged South Africans and force within the nation's economy. A second activity was to support Drum Publications to publish a fortnightly feature, "How Democracy Works," in the *City Press*, the largest circulation newspaper among blacks in South Africa. Similarly, another publication, *Frontline*, received funding for a monthly "democratization" section, to function as a forum for democratic debate. Under this initiative, LAMLA, an NGO named after the Xhosa word meaning "to bring together people who are in conflict," received support to train trainers in conflict resolution and to train leaders from disparate communities in dispute resolution.

C. Transition to Democracy

This project was brought about by the 1991 $10 million supplemental appropriations voted by Congress to support the development of the infrastructure of the ANC, and then also of the IFP, to "even the playing field" in the elections. The majority of the allocation was disbursed and administered by the US/South African Leadership Exchange Program (USSALEP), but both NED and USIS each managed $1 million obligations under this project.

A number of people interviewed for this evaluation commented that USAID/SA's substantial support for the IFP enabled it to become a viable administrative entity capable of competing in the elections and thereby contributed significantly to the construction of a viable postelection situation in the country. Others, however, viewed the Mission's support to the IFP as providing it with a degree of credibility it would otherwise not have had and, thus, greatly improved its election chances.

D. Voter Education

Being responsive to change was an imperative for the USAID program during the transition period (1992 to 1994). The USAID Mission's 1988 *South Africa Program Strategy*, while advocating a U.S. policy commitment to help bring an end to apartheid and to support the emergence of a nonracial democracy, stated that the time frame was open-ended. Happily, by the time of the Mission's subsequent *Strategy Concept Paper* in March 1993, the target of helping to prepare for free and fair elections had been added to the political subgoal of USAID's overarching aims. The projected elections, though still a shaky prospect in 1991 and 1992 as the National Party sought to balance the pressures of recalcitrant white groups and impatient proponents for immediate change, signaled the attainment of a primary condition for the repeal of the CAAA, namely that the South African Government ". . . permit the free exercise by South

Africans of all races of the right to form political parties, express political opinions, and otherwise participate in the political process."[9]

In January 1993, the U.S. Congress promulgated the South African Democratic Transition Support Act, which recognized that South Africa had entered a new era. In recognition of the negotiations process underway, the Act repealed all provisions of the CAAA "as of the date on which the President certified to the Congress that an interim government, elected on a nonracial basis through free and fair elections, has taken office in South Africa."[10]

In support of that eventuality, the performance objectives in preparation for free and fair elections set by the Mission, included measurement of the:

- Level of technical capability of USAID-supported NGOs that operated in the elections area
- Levels of skills of specialists involved in the elections
- Number of people who received voter education from USAID supported trainers and NGOs

While USAID funded voter education projects beginning in 1992 through major U.S. contractors, including those affiliated with the two major U.S. political parties, funding for South African-based organizations did not get under way until much closer to the elections, in late 1993 and early 1994 (the elections were late April 1994). Project Vote, for example, was a two-year grant to the National Democratic Institute (NDI) working with the Center for Development Studies at the University of the Western Cape.

USAID's voter education programs were applauded by interviewees for the broad-based nature of activities covered and the uncharacteristically prompt provision of funds. The one criticism was that the advent of the voter education support to South African organizations was too late for optimum planning and effectiveness. The timing of the funding was out of the hands of USAID staff, who applied diligence, when funds were made available, to identifying worthy projects, ensuring national coverage, and encouraging innovative approaches, to ensure that marginalized groups would be empowered to exercise their long-awaited right to vote.

A good example of USAID's ability to identify and support small CBOs in the black townships is provided by its funding of a voter education program conducted by the Mamelodi Theatre Organization (MATO). In February 1994, barely two and one half months prior to the national elections, the Mission signed an agreement with MATO to conduct a series of voter and democracy education programs, using theatre and dance, in rural areas of the Transvaal.

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[9] H.R. 4868, § 101, 3.

[10] H.S. 4868 § 303 (a) 1.

Founded by a local artist in 1985, MATO serves as a community cultural center training young people in theatre and dance and conducting presentations on critical community issues such as problems in the schools, unemployment and the problems of the elderly. In this manner, theatre becomes a means to enhance community development, political empowerment, and social change. MATO is a not aligned with any political grouping and offers its services to all, irrespective of race, ethnicity, gender, or political affiliation. Prior to this award of ($42,000), MATO was entirely funded through grassroots, voluntary support and had not received outside donor assistance.

USAID's grant enabled MATO to employ nine project personnel, including six voter education trainers, to conduct performances in the local languages in rural Transvaal. The MATO Project Director wrote a 40-minute play presenting critical information on the voting system, procedures (why and how to vote), and concepts including democracy, political tolerance, and the secret ballot. During the weeks immediately preceding the elections, the MATO program, averaging three hours, was presented two or three times daily, and reached 19,450 people in the target communities.

In reviewing this project, MATO reports that most of the people trained through this outreach effort had virtually no prior understanding of how to vote and that a number of farm workers had been threatened by their employers with firing if they cast their ballot. Similarly, many pensioners believed that they would lose their pension benefits if they voted. The MATO workshop was able to dispel these fears and provide information, support, and encouragement to the community. Participants report finding the presentation to be informative, interesting, and presented in an evenhanded manner, not favoring any particular political party.

An example of the Mission's voter education program as conducted by a larger, more formal NGO is provided by its February 1994 grant to the National Literacy Cooperation (NLC), an umbrella organization representing more than 50 literacy and adult education providers across South Africa. In 1993, under the Mission's ESAT Project, the NLC received a capacity-building grant of $170,000 to assist in enhancing the institutional capacity of this critical organization to serve its constituent members in the areas of adult basic education and literacy. Building upon this established relationship, USAID obligated $69,000 to enable the NLC to provide voter education to illiterate and semi-literate adults across the country through its membership of non-governmental and community-based organizations.

Voter education task forces established in each of the NLC's ten regions were given the responsibility to train voter educators and conduct voter education workshops in their local areas. As a result of these efforts, NLC-member organizations conducted workshops reaching more than 120,000 adults in the target population, a number far exceeding the 31,900 "learners" and "tutors" called for in the grant agreement. In addition, under USAID support, NLC member organizations created and produced voter education materials including lesson plans, a 4-page bimonthly newsletter, *Active Voice*, a *Voter Education Manual*, and four *Voter Education Comics*, all of which were distributed free of charge throughout the network of NLC members.

The Mission's support of the NLC is illustrative of its long-term capacity building strategy for NGOs. Because of the critical need for adult literacy training for black employment and to enable the majority population to play a meaningful role in a democratic society, USAID/SA recognized the NLC as an important actor in this area and a means through which to support the activities of numerous NGOs and CBOs across the country. By providing a grant through ESAT, the Mission enabled the NLC to strengthen and formalize its operations, to become a far more viable and effective umbrella organization. When in 1994 voter and democracy education became an overriding priority, the Mission could support the now strengthened NLC in its efforts to deliver needed services across the country.

More comprehensive descriptions of MATO and the NLC are found in the case histories section, of the Appendix C, Case Studies.

III. THE IMPACT OF USAID ON POLITICAL CHANGE AND POLITICAL EMPOWERMENT

From the outset, the heart of the USAID program was political empowerment. Its aim was to support community structures and processes that were working to bring about a just and democratic government in the country. There is widespread agreement that USAID facilitated political change and empowerment of persons legally disadvantaged by apartheid. Seventy-five percent of survey respondents agreed that USAID made a considerable contribution to black political empowerment through programs such as human rights and legal aid, civic assistance and community and democratic development. Fewer than two percent believed that USAID had not contributed to black political empowerment, and the remainder of those responding (approximately 23%) were uncertain.

Along with the survey respondents, interviewees strongly supported the conclusion that the program's political thrust was appropriate and effective. It had the following impact on political change in South Africa:

- USAID's greatest contribution to political empowerment may be the most difficult to define in measurable terms. Nonetheless, it is important to recognize that the USAID position in South Africa from 1986-1994, aligning itself with the black community and intervening directly in oppressive actions of the government against the black community, made a strong statement. Many subjects of the study pointed to the fact that having America's support gave them legitimacy in the world; it gave them confidence; it gave the movement credibility. The American stand empowered action.

- Although numbers will never be known, the USAID program in South Africa saved lives and obtained freedoms for individuals. Through legal assistance to political detainees, human rights interventions and violence mitigation efforts, many people avoided the worst potential consequences of their struggle.

- Key political actors in South Africa were the NGOs that received support from USAID. USAID funded some 500 NGOs and CBOs during the period of the CAAA and provided many with technical assistance. These organizations opposed the government, formed and operated alternative governing structures known as civics, organized the community to continue resistance and engaged actively in the political process. Many South Africans described the rural advice centers, which were funded by USAID when many other donors were unwilling, as important sites for developing organizational and leadership skills—opportunities otherwise unavailable to disadvantaged South Africans in rural areas. Some 200 advice centers and counseling centers were the community's only access to assistance and were cited by interviewees as important transitional organizations in South Africa.

- USAID had a significant impact on the first democratic election in South Africa, conducted in April 1994. For two years prior to this time, USAID had funded voter education activities, and when the elections were clearly in view, an all-out effort was made to assist the process. USAID supported 100 community-based organizations doing voter education. Its program reached four million people and it deployed 30,000 individuals to serve as election observers. USAID's contributions to voter education and election assistance are widely recognized. The Independent Electoral Commission (IEC) and NGOs report increased capacity to run and assist in elections as a result of the USAID support.

- USAID support helped bring the Inkatha Freedom Party (IFP) into the elections. The "Peace Initiative" was instrumental in resolving the final issues that had been preventing the IFP from participating fully in the historic process. By quickly responding to a request to enable the Bishop M. S. Mogoba of the Methodist Church of Southern Africa to host a summit meeting between Dr. Nelson Mandela and Dr. Mangosuthu Buthezi, in June 1993, USAID contributed to critical development in moving negotiations forward in the months preceding the elections.

While these accomplishments are certainly substantial, USAID/SA recognizes that the task of political empowerment remains an ongoing process that must reach into every institutional "corner" of the nation:

> ..."political power" in a new South Africa entails far more than simply creating new institutions through which South Africa's disadvantaged majority can mobilize and express political concerns. It also involves transforming existing institutions, many of which have been built on too narrow a base. Whether the issue is establishing accountable government, maintaining an effective civil society or extending human rights, the fundamental concern is still the same—to extend opportunities for political engagement, previously confined to a small minority, to all South Africans.[11]

[11] U.S. Agency for International Development, *USAID/SA Strategy Concept Paper* (Pretoria: March 1993), 15-16.

As South Africa engages in its difficult process of reconstruction and development, this "fundamental concern" must remain a critical touchstone for all development initiatives.

CHAPTER 6.
ECONOMIC DEVELOPMENT PROJECTS

Through an interlocking web of laws, regulations, and entrenched practices, apartheid sealed off black economic opportunities and rigidly and artificially divided a single country into two separate realities: a prosperous white economy and a black world of poverty. It was only in the early 1980s that Africans were legally able to own businesses and the late 1980s that Africans could buy houses outside of the homelands and townships. Skilled employment was legislatively reserved for white workers until the 1980s and the inadequacies of the education system, as discussed earlier, limited the competition faced by white workers. Even in 1990, it was estimated that only four percent of the businesses in South Africa outside of the homelands were owned by Africans; and these were predominantly very small. In 1991, only three of seven hundred companies listed on the Johannesburg stock exchange were black-owned, and only thirteen included a black member on their board of directors. Salaried employment opportunities had improved by the early 1990s, but in 1991, there were still only 42 black chartered accountants in the country. In 1990, only two percent of all top 100 company managers were African.

The economic stagnation of the 1980's complicated the picture as demand for labor remained constant or declined. The informal sector of the economy expanded to absorb excess labor. Activities such as taxi operations, street hawking, home stores (spaza shops), and neighborhood bars (shebeens) provided about three million jobs by the early 1990s. Black purchasing power exceeded white purchasing power in the early 1990s, which represented one of a number of critical factors, including the fact that the supply of white skilled labor had become insufficient to meet demand, shifting the balance of power in the economy and contributing to the readiness for political change.

Therefore, as the *1993 USAID/South Africa Strategy Concept Paper* points out, "economic empowerment is vital to a successful transition. . . and a strong and growing economy is an enormously important underpinning for peaceful political change. It is also essential that most, if not all, of the economic growth be used to address the enormous inequalities of the past."[1] USAID has been responding to these priorities since the early years of the program. Labor Union Training began in 1983, and funding for private-sector groups began under the BPED project in 1987. These two projects have represented $61 million ($43 million for BPED and $18 million for Labor Union Training) or 11 percent of the $540 million cumulatively spent in South Africa from 1986 to 1994.

[1] U.S. Agency for International Development, *USAID/South Africa Strategy Concept Paper* (Pretoria: 1993), 19.

I. PRIVATE ENTERPRISE

USAID's 1988 *USAID/SA Program Strategy* states that "reducing this economic disempowerment must be a central concern for a program aimed at ending apartheid and is also an important step in laying the foundations for a nonracial democratic society."[2] Therefore, the Mission's objective was to support the growth and development of black business through activities in five areas. USAID/SA also used black South African management consultants as often as possible in implementing project activities. The project areas were:

- Institutional Development and Advocacy—These activities were aimed at enhancing the capacity of black business support and advocacy groups to provide services to their members, including the formulation of advocacy positions against the legislation that limited their activities.

- Micro and Small Enterprise Development—Technical assistance, training, and access to credit were provided in support of initiatives promoting micro and small business development.

- Participation in the Primary Economy—Support was granted to initiatives which challenged apartheid's confinement of black entrepreneurs to the margins of the economy and attempting to leverage the entry of role models into the industrialized economy.

- Leveraging of First-World Resources—These activities sought to promote functional linkages between black and white businesses that channel corporate procurement power and technical resources toward developing black entrepreneurs.

- Development of Strategic Options—Black business leaders were exposed to models of economic empowerment from other parts of the world.

The 1993 *Strategy Concept Paper* similarly defined USAID's objective in the private sector as increasing broad-based black ownership, employment, and participation in all levels of the economy. This paper states that it will be impossible to establish and sustain a stable, democratic post-apartheid South Africa if the majority population has so little obvious stake in its economy. In 1993, white incomes were estimated as six times those of Africans, and more than half of the African population was living below the official poverty line.

The paper also defined the critical points of leverage to achieve a favorable business climate to facilitate black empowerment as the legislative and regulatory environment, the technology environment, the availability of capital, and the attitudes and values of the majority with regard to entrepreneurship and a free market system.

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[2] U.S. Agency for International Development, *USAID/SA Program Strategy Statement*, (Pretoria:, 1988), Vol. I, 35.

In this context, USAID/SA's programming priorities were to:

- Increase access to private-sector financial and business services for black South Africans by supporting groups, such as the Get Ahead Foundation (GAF), which were early pioneers in providing finance to entrepreneurs in the informal sector. In addition, the program supports commercial bank activities to improve access for small business, as well as initiatives to link large corporations in supply agreements with small businesses, including franchising models.

- Enable the black business community to participate in reshaping the legal, regulatory, and judicial environment by providing technical assistance and conducting special studies that examine the regulatory environment and promote dialogue. In addition, support was given to groups that have demonstrated that they can overcome the obstacles to black business development with innovative practices and technologies.

- Increase interaction among labor, business, community, political and academic groups on economic transformation by facilitating dialogue among groups that have traditionally ignored each other in an arena in which they have much common interest and common destiny. Without economic growth, it is clear that no other aspirations of the development agenda can be achieved.

- Deliver innovative and viable community-based private-sector-financed housing to disadvantaged South Africans. Housing ownership is included in the private-sector program for a number of reasons. The delivery of the five million unit estimated backlog in housing supply is an excellent economic opportunity for the black business sector, which has developed capacity in this arena. Second, house ownership represents for most disadvantaged South Africans their first stake in the economy and can provide a capital base for entrepreneurship. Third, housing development must be on a sound business base to ensure sustainability. USAID's housing project therefore, focuses on funding for innovative financing programs, technical assistance for pilot community-based housing ventures, and information exchanges on approaches to housing from other parts of the world.

A. Black Private-Sector Development

Exploited for generations in the nation's mines and factories, for many disadvantaged South Africans the private sector was inexorably with the apartheid system, and therefore the credibility of established black institutions in this sector was a delicate political issue. USAID had an early mandate to work in the sector but had to be careful that it did not compromise its efforts to assist the political struggle and build credibility with the political movement. Success was extremely limited.

USAID programming in the private sector began in 1987 with a few substantial grants to the Get Ahead Foundation (GAF), NAFCOC (the "formal" black business association), Association of Black Accountants of South Africa (ABASA), and the Black Management Forum. There were a number of large grants in 1988, notably to GAF, the African Bank, International Executive Service Corps (IESC), and Controlled Management Dynamics. In 1989, the number of grants increased with a broader portfolio including the "informal" business sector, FABCOS (the Federation for Informal Business), the African Council of Hawkers, the Business Achievers Foundation, ABASA, and the US/South African Leadership Exchange Program (USSALEP). In 1991, the Entrepreneur Training program through USSALEP received a large grant and the Black Private Enterprise Development (BPED) inaugurated its large BICSN project, focused on business linkages and technical assistance and is managed by Washington-based Chemonics. The Junior Achievement program and Comad both also received large grants in 1991.

In the Mission Director's December 1992 memo to staff, Leslie "Cap" Dean reinforced the importance of black economic empowerment by defining it as one of five key areas with particular focus on black participation in the "mainline economy" and the provision of affordable housing. In 1992, the largest grantees included GAF, Junior Achievement, International Executive Service Corps, the Small Enterprise Foundation (SEF), the Independent Business Enrichment Centre (IBEC), the Informal Business Training Trust, and in the United States, the Cooperative League of USA and Chemonics. In 1993, the BPED project again made large grants to Junior Achievement, the Small Enterprise Foundation, Chemonics-BICSN, GAF, USSALEP, the Cooperative League of USA, IBEC, and the Institute for Policy Change. The list of new large grantees in 1993 included Private Agencies Collaborating Together (PACT) for a microenterprise project and the Soft Sheen International Foundation. In 1994, large grantees and contractors again included Chemonics-BICSN, USSALEP, PACT, Get Ahead, IESC, Small Enterprise Foundation (SEF), Cooperative League of USA, and the African American Labor Center.

One of the most devastating and lingering effects of the apartheid system has been the systematic exclusion of black South Africans from meaningful participation in the economic life of the nation. Black entrepreneurs have faced and continue to confront significant obstacles in establishing and maintaining a business, including lack of access to credit and capital, a lack of facilities and infrastructure to support business development in Township areas, lack of access to training and educational opportunities and to professional business counsel and advice. USAID/SA has helped fund a number of newly organized, black-led NGOs which are attempting to facilitate and strengthen entrepreneurship within disadvantaged communities. The Independent Business Enrichment Centre (IBEC) and the Small Enterprise Foundation (SEF) present two somewhat different models of such initiatives.[3]

IBEC is a good example of a newly formed, black-led business development and support organization of the kind the Mission has particularly targeted for support. Organized in 1989 and formally registered in 1990, IBEC has its head office in East London and five regional offices:

[3] Case studies of these organizations are found in Appendix C of this report.

Border Region (East London), KwaZulu/Natal (Durban), Gauteng (Johannesburg), Eastern Cape (Port Elizabeth), and Western Cape (Cape Town).

IBEC stands as one of the few black-led NGOs with national reach that is attempting to address the disparities in business opportunity. Not even five years old, in 1994, IBEC will operate its head office and five regional offices with a budget of more than R4,500,000, employing a staff of 50, and providing direct services to approximately 1,000 entrepreneurs across the country.

IBEC was founded to provide advice, technical assistance, training, and loans to disadvantaged black South African entrepreneurs, who are usually denied access to such support and capital assistance, to assist them in business growth and development. The movement and development of such micro and small enterprises, spaza shops, or other businesses in the informal sector into larger, formal-sector enterprises aims at creating new jobs and at enhancing black economic empowerment.

As of January 1, 1994, IBEC reported that it had issued R5,835 million in loans to 1,225 disadvantaged entrepreneurs, with the weighted average loan amounting to R4,760. In keeping with its commitment to enhance the participation of women in the economy, during 1993, approximately two-thirds of IBECs loans were to women entrepreneurs. IBEC asserts that this credit activity has resulted in the creation or maintenance of more than 6,100 jobs nationwide, thereby providing positive impact upon the lives of an estimated 31,000 South Africans from disadvantaged communities.

IBEC has undergone rapid growth and continues to view itself as a "grassroots development institution" firmly committed to "uplifting" of South Africa's disadvantaged populations through the provision of counseling, motivation, basic enterprise education, and, where appropriate, loan financing. All businesspersons receiving IBEC loans are required to take a business skills course adapted from material developed by the Fort Hare University Management Institute. IBEC has trained more than 1,000 persons through this process, charging a course fee of R20.

Despite serious ongoing problems confronting black entrepreneurs, including crime and violence in the townships, the generally poor state of the South African economy, the lack of infrastructure, transportation, and resources, and the persistent problems of capitalization, denial of access to credit, a lack of assets, and lingering institutional racism, IBEC and its clients have demonstrated that a professionally competent business development NGO with strong community linkages can succeed in providing financially sound loan services that succeed in developing small- micro- and, perhaps soon, medium-sized black-owned businesses. While a 1993 assessment of the Mission's private sector division projects expressed concern over the organization's long-term viability[4], IBEC views itself as being on an increasingly sound administrative, management and financial footing and is positioning itself to become self-sustaining in the mid-term. USAID's contribution to IBEC was critical in its timing and amount

[4] Kevin Kane and Bernard Fisken. *Assessment of 5 Grantees Funded by Private Sector Division, USAID/SA*. (USAID/Pretoria, 1993), 22.

and, through the rigorous terms of the grant agreement, further served to facilitate a significant expansion and professionalization of its operations.

The Small Enterprise Foundation (SEF) provides a case history in how to improve upon a good economic development model. The founder of SEF had worked at the Get Ahead Foundation (GAF). GAF had been fairly successful in providing small loans to micro-entrepreneurs, and his intention was to effectively re-apply in a rural setting, the principles of micro-lending learned at GAF. SEF operates in far-flung rural areas of the Northern Transvaal. Ninety-four percent of the rural micro-entrepreneurs are women, mainly involved in trade. The components of SEF services include participant identification, entrepreneurial training, and loan provision and collection. Training is strictly limited to group loan preparation, reinforcement, and follow-up activities.

SEF works on a formula that appears to have been successful. The concept is one of peer responsibility. Prospective borrowers are required to form groups of five people, and, if any member defaults on a loan, the remaining members are responsible for the defaulting member's obligation. Five or six groups are then combined to form a "center." This structure allows field workers to reach upwards of 30 people at meetings that each center holds fortnightly. In this way, a field worker can work with more than 420 businesses.

SEF is a lean, grassroots-oriented operation. The field workers all come from the communities where they work, using their own transportation. Weekly meetings at the headquarters office allow for communication between field workers and headquarters, for training and for problem-solving. Supervisors from headquarters visit field workers to certify groups and to maintain quality control in service provision. An evaluation report suggests that:

> SEF is well on target with most projected program outputs, including (i) business provided finance, (ii) entrepreneurs trained, and (iii) loan capital released. Likewise its loan recovery rates, delinquency rates, and default rates are at or above expected levels.[5]

Within two years, 3,380 loans worth R1,739,800 (about $500,000) had been made to more than 1500 businesses. An inspection of the project operations for this evaluation revealed a very methodical, step-by-step approach by SEF. First-time borrowers are restricted to small loans of R300 which is increased in subsequent loans. Interest is charged at market rates, and no loans are granted unless the participants actively build up a savings fund.

SEF has been exemplary in working toward organizational financial sustainability. It has aspired to income generation from the interest spread on its loan book rather than reliance on donor grants. The challenge for SEF is to expand its operations to achieve larger scale impact and develop commercial lines of credit. More in the way of socio-economic impact studies needs to be done. However, SEF works and is visited by interested parties from inside and outside

[5] Ibid, 23.

South Africa, to observe its model. USAID was flexible in the structuring of SEF's grant to include staff support and the loan fund with terms that accommodated SEF's operating needs.

B. Labor Union Training

The philosophical underpinnings of the U.S. government's extensive support to the union movement in South Africa is related to the U.S. belief in the unfettered freedom of association represented by free unions and to the value of pluralistic and empowered institutions as part of a healthy democratic civil society. In this light, the Labor Union Training funding could be seen as part of the Democratic Institutional Development portfolio and assessed in that light. Unions were a critical part of the coalition against apartheid and played a key role in the process of both social and political empowerment. Nevertheless, we have included the project in the economic development portfolio for the purposes of this program overview and evaluation because the vast majority of South Africans participate in the economy primarily as workers and the strides made by the union movement, assisted in part by this funding, had and continue to have critical implications for the development of the private sector and the role of the black majority. The 1988 Program Strategy Statement provides an eloquent explanation for the USAID program's support of the labor movement:

> With the SAG's increasing repression of nonviolent opposition, labor unions have assumed a leadership role in the anti-apartheid struggle as a result of the economic leverage they can bring to bear on both business and government. For workers, unions have improved wages and working conditions and have been instrumental in pressuring for the termination of racial reservations for skilled jobs. Just as importantly, the United States views an independent and democratic trade union movement as one essential element in a future democratic and pluralistic society. In the interim, the collective bargaining process is perhaps the only South African forum in which blacks and whites negotiate on a more or less equal basis, an experience which can serve as a model for broader dialogue. Assistance for labor union training is Congressionally mandated.[6]

The case study (see Appendix C) of the African American Labor Center (AALC) provides some detail of the activities and context of this program area since the vast majority of these program funds were disbursed through the AALC. Outside of the AALC, USAID did provide united support to initiatives to collect and analyze labor and economic information and to organizations that assisted unions in areas such as health, law, safety, pensions, research, mediation, arbitration, union participation model research, support for illegally victimized workers, and labor legal training.

The work of the AALC focused on coordinating activities between American and South African unions, mostly in the form of training and technical assistance in areas such as union management, organizing and fund raising, collective bargaining, and occupational health and

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[6] U.S. Agency for International Development, *USAID/SA Program Strategy Statement*, (Pretoria:, 1988), Vol. I, 36.

safety. The South African government consistently refused the AALC's requests to set up a permanent in-country presence. South Africa's black workers were organized into two major federations, with CUSA (Confederated Unions of South Africa, part of the Black Consciousness group) being the more centrist and by far the smaller, and Federation of South African Trade Unions (FOSATU, later transformed into COSATU) the more leftward-leaning. The AALC did not disguise its greater affinity for CUSA, thereby stoking FOSATU's suspicion concerning the AALC's (AFL-CIO) ideology and motivations.

In the early years, the AALC activities consisted of training and support to unions mostly in the CUSA group. Since its staff were denied the visas necessary to enable them to operate the project from within South Africa, it was instead run by AALC from Botswana/Lesotho and AALC reported to USAID/Washington, rather than to the Mission in Pretoria. In 1987, USAID/SA commissioned an evaluation that included criticism of the AALC's political profile and consequent lack of access to the majority of the labor movement (FOSATU/COSATU) and described the implications for USAID as being a lost opportunity to have impact in a critical sphere. The Mission Director saw the ideological gulf between AALC and FOSATU/COSATU as being a major problem for USAID's credibility in the anti-apartheid movement. The labor arena was second only to education as a community priority.

From 1988 to 1991, USAID continued its large-scale labor-sector funding, programming a total of $6.2 million through AALC. The Mission began to manage the activities of AALC directly in 1990. The nature of the union environment changed rapidly with the transition and the preparation for elections, and the coalition between the ANC and the union movement was tested by the realities introduced by the negotiation process and the election campaign. The AALC responded with increasing flexibility. It established a constant presence in Johannesburg in 1992, set up permanent offices in 1993, and began to nurture an open and productive relationship with all the COSATU unions, as well as continuing to work with CUSA (now renamed as NACTU, National Association of Confederated Trade Unions) and independents. The AALC has also worked with other parts of the Mission's program in these years including the COLD project on voter education and the BPED project on fostering dialogue among sectors. One of the AALC's largest initiatives is a project in collaboration with U.S. Bricklayers Union and the two South African building unions. This is a building trades training school outside Johannesburg in Lenasia, which has American administrative staff, a highly trained black South African teaching staff, and very motivated trainees (capacity of approximately 200 per 12 weeks) who are assisted in finding jobs at the conclusion of the training. The AALC plans to hand this facility over to an employer/union collaborative group within a couple of years.

II. HOUSING AND URBAN DEVELOPMENT

A. Housing/Shelter and Urban Development Support

The housing program started in 1992 with an immediate large scale obligation of $9 million. This increased to $11 million in 1993 and to $13 million in 1994, excluding HIG. The largest grants

in 1992 included the Land Investment Trust, the Group Credit Company, and Lawyers for Human Rights (LHR). In 1993, the largest grants went to HEADSTART, the Inner City Housing Upgrade Trust, South Africa Black Construction Association, Entrepreneurial Development South Africa. The CUSSP project, managed by Washington-based Lance Bailey and Associates, Inc., was initiated with a $1.5 million obligation. In 1994, the largest grants went to CUSSP, the Western Cape Community Development Trust, Libuyile Community Development Trust, Natal Project Prep Trust, SABTACO, SACCOL, National Housing Forum, the Institute for Local Government (INLOGOV), and the Cooperative Housing Foundation.

Because the housing portfolio is so new, evaluations are not yet available. An examination of two case studies, however, provides constructive insights into the difficulties of operating in this sector. Both organizations, the New South Africa Housing Association (NSAHA) and Operation Masakhane for the Homeless (OMHLE), were established to address different aspects of the housing problem. The former was established to develop housing projects while the latter's objective was to provide low-cost building materials so that homeless communities could improve the quality of self-constructed dwellings. NSAHA was funded for $400,000 and OMHLE was funded for $300,000, each over three years.

Preliminarily, both activities appear to have suffered from project design problems. OMHLE was funded on the assumption that profit from income from the sale of materials sold at depots near homeless communities would pay for activity salaries. This has not been the case due to difficulties of uncompetitive pricing and inappropriate materials.

At NSAHA, success led to problems. With the advent of the new government and its scheme for financing low-cost housing, NSAHA has been successful in developing housing projects designed for low-income communities, thus qualifying for government subsidies. The problem is that its grant was for salaries; no loan fund or operating capital was provided, and at the time of this study, it was stymied in that housing projects had been initiated without sufficient finance to follow through.

USAID has identified the many impediments to housing construction and have now funded more than a dozen projects to address many of these problems. The two projects above illustrate the challenges to achieving impact in this area.

III. THE IMPACT OF USAID ON ECONOMIC CHANGE AND ECONOMIC EMPOWERMENT

Economic change and black economic empowerment are recent additions to the USAID portfolio, becoming a significant element of the program only in 1992. Economic empowerment has been an arena for ideological clashes. The focus on organized labor has mirrored the much larger issues of the Cold War and a concern that the South African labor movement was aligned with the former Soviet bloc. The focus on private enterprise clashed with many South Africans' great suspicion of capitalism and of the appropriateness of the free-market system to the new South

Africa. In the early days of the CAAA, there was much talk in South Africa of nationalizing its productive capacity. With the failure of communism, both the American and the South African positions moderated and created more space for programming economic development initiatives. Nonetheless, the legacy of the ideological debate remains, and the economic strategy has been difficult to promote. Only 38 percent of survey respondents believed that the USAID program was contributing to black economic empowerment; more than 50 percent of respondents were uncertain on this point. Nonetheless, there exists a potential for impact as illustrated below.

- USAID support clearly has had an impact on organized labor in South Africa. USAID has provided training and technical assistance leading directly to increasing the effectiveness of the unions in overcoming apartheid and in providing effective representation of workers. USAID has contributed directly to training for employment, especially among the skilled trades.

- While it is probably too soon to expect impact in the housing subsector, USAID can be credited with assisting black South Africans to obtain property and homes. Some 25,000 persons have been able to purchase homes because of USAID support to credit programs and the removal of legal barriers to ownership.

- Private-sector initiatives have been widely criticized as ill-conceived or poorly implemented; some believe that the impact on economic transition in South Africa has been negative. Others observe that there are too many structural barriers within the system in South Africa to encourage widescale participation in business. On the positive side, subjects of the study cite the work of the Get Ahead Foundation (GAF) as an excellent example of appropriate and effective private-sector support. Others look to the Independent Business Enrichment Centre (IBEC) to demonstrate that support can be successfully channelled to small business. In three years, USAID funding reached 2,545 beneficiaries. While the potential for achievement in this subsector remains to be demonstrated, the Small Business Loan Portfolio Guarantee (SBLPG) project ($3 million in 1994) will provide additional resources to generate business development in disadvantaged communities.

- The new Housing Investment Guarantee (HIG) signed in 1994 for $75 million is intended to help galvanize forward action in the housing sector through this large infusion of resources. The amount leveraged will be considerable because participating banks are required to provide matching funds as are end-users of the credit (they are required to make a deposit). Only over time will it be known if these fairly new projects will be successful interventions in helping to alleviate the pressing need for housing.

CHAPTER 7.

LESSONS LEARNED AND IMPLICATIONS FOR USAID PROGRAMMING AND ADMINISTRATION

If there is still an overseas A.I.D. presence at the turn of the century, I am convinced it will be more along the lines of what exists in USAID/South Africa rather than the traditional USAID Mission construct as it developed during the 1960's and continued through the 1980's.

U.S. Ambassador William L. Swing
Memorandum to U.S. Secretary of State
May 22, 1992

I. INTRODUCTION

While the first two objectives of the *Program Evaluation USAID/South Africa*—to describe USAID/SA's activities in the implementation of the CAAA mandates and to assess the impact of these activities in fulfilling the goals of the legislation—require "historical," or retrospective, analyses, the third requires that the evaluator consider prospectively the broader implications of USAID's experience in South Africa during the period of study and identify any lessons or suggestions which may be gleaned from this experience. Stated another way, the focus of this chapter is to consider to what extent USAID/SA's experience and practices are generalizable or transferable to other Missions, other places, other contexts, including that of post-April 1994 South Africa. How, and in what ways, is this model replicable?

There are compelling reasons to question whether USAID/SA's approach is specifically tied to the unique history and environment of the final years of South Africa's struggle to free itself from the yoke of apartheid, or if, in fact, these approaches are generalizable to other USAID environments. First, South Africa is only one of a host of nations undergoing a transformation from totalitarian or statist governments, which emphasize central planning and control, to democratic societies supporting free-market operations and often a devolution of power to regional and local government and civil society. USAID's role in facilitating South Africa's transition from a government of racial exclusivity to one of national unity can, perhaps, provide lessons for other nations experiencing similar transformations.

Second, in recent years, along with a growing policy emphasis on privatization, strengthening civil society, and limiting the power of central government, there has been an increased recognition and appreciation of the critical role that nongovernmental agencies (including indigenous CBOs; local, national, and international NGOs; and international PVOs) can play in building and sustaining development and democracy.

For a decade or more, South Africa has arguably had one of the highest proportions of NGOs of any country, with somewhere between 20,000 to 50,000 or more (estimates vary widely) providing alternative social, educational, health, legal, and other services and functioning essentially as a quasi-government. With the banning of political organizations and the exile, incarceration, or murder of many liberation movement leaders and activists during the 1970s and 1980s South African NGOs became a central focus of political activity and expression, as well as sites for community organizing and leadership development and for the establishment and practice of grassroots democracy. To the extent that USAID envisions working in other developing nations in which NGOs have played or are playing similar roles, even in the absence of enabling legislation analogous to the CAAA, USAID/SA's experience in working with and supporting the NGO community merits analysis. It may well be that USAID/SA has as broad and sustained a history in working with a wide spectrum of national and local NGOs and CBOs as can be found within the Agency. This experience and expertise may thus constitute a useful resource base for USAID as it expands its work in support of the civil sector.

Finally, USAID as an Agency is engaged in an intensive process of self-examination, analysis, and assessment—an attempt to "reinvent" or "reengineer" the Agency in light of the drastically transformed political and economic realities in which it operates within the United States and abroad. While operating within the overall policy mandate of the CAAA and the framework of agency-wide operational regulations and procedures, USAID/SA did, it would appear, enjoy an unusual degree of autonomy in its programming and operations. Given the need to respond quickly and sensitively to changing conditions on the ground—a necessity if the Agency was to obtain credibility and conduct initiatives that counted, within the bounds of a clear policy framework—USAID/SA needed such latitude. USAID/SA may thus present a working example of a more decentralized model of Mission operations. A consideration of the strengths and weaknesses of this approach may, therefore, be broadly useful, not only in terms of lessons to be derived from the particularities of Mission operations in South Africa since 1986, but more generally as an example of how Missions may operate in a more decentralized environment.

II. DEFINING THE MODEL

The preceding chapters have presented contextual, descriptive, and evaluative material concerning the conduct and outcome of USAID/SA's activities, organized within the conceptual framework of the CAAA mandates. At the most general level, we have concluded that USAID/SA was able to successfully change its usual strategy, approach, and mission; enter into an extremely contentious, volatile, and difficult political environment, one in which it was initially viewed with great suspicion and hostility; and, through its programs and activities, come to be regarded as

having made a significant contribution to the South African struggle and to be seen as an important participant in this process.

The evaluation results strongly indicate that despite some nagging complaints—generally focusing on administrative issues such as grantee concerns with what is generally perceived as slow payment of grant funds, a lack of accessibility of field staff, and a general "opaqueness" of Mission direction and policy[1]—the sample of USAID/SA grantees, community leaders, and others who provided input into the evaluation almost uniformly express broad support for the value of USAID/SA. Therefore, this relative unanimity of positive assessment within the community of relevant stakeholders suggests that this is a model worth studying and replicating, particularly since it was implemented within an extremely difficult, dangerous, and rapidly evolving context. But first, the model itself must be defined. And it is here that the issue immediately becomes more complex.

As described earlier, there is no single model which accurately defines USAID/SA's operations across the period of study, except in the most general sense of the Mission's ongoing attempts to remain in contact with and relevant to the rapidly changing environment in which it exists. The initial answer to the question "Is the model employed by USAID/SA of value to other Missions and other contexts?" is, therefore, an equivocal "yes and no," hardly a satisfactory response. But by restating the question to ask "*Under what set of conditions or limits* will particular models or aspects of USAID/SA organization prove efficacious?", the evaluation can go much further in specifying the contexts under which each of two general models of USAID programming would prove beneficial—contexts which may be described as conducive to what have been termed "empowerment" and "developmental" emphases.

III. A CONTEXTUAL FRAMEWORK FOR USAID PROGRAMMING

In interviews with the evaluation team, a number of current and former USAID/SA staff observed that, in their view, the Mission's operations had been unique within the agency, based on what was often described as a "political" as opposed to the usual "developmental" type of program. Enjoined by the CAAA from working with the apartheid government or its agents, committed to facilitating the transition to nonracial democracy, and, in addition, developing leadership and resources within South Africa's disadvantaged communities, USAID/SA embarked on a "subversive agenda," aimed at nothing less than the overthrow of the race-based totalitarian regime and its replacement by a government elected through universal franchise. Several Mission staff noted, with pride, USAID/SA's explicit commitment to democratic change and black

[1] It may be plausible to attribute many of these problems to a lack of sufficient staff resources to directly administer the level of obligations and conduct field operations at the order of magnitude necessitated by critical needs within South Africa and by congressional funding levels. Clearly, Mission staffing allocations have not kept pace with the increases in funding and the needs of the field. The USAID/SA approach of directly managing the grants of numerous NGOs and other entities is quite labor-intensive. This model cannot be sustained beyond a certain level of annual obligations and an implicit number of "management units" unless commensurate staffing increases occur. Alternatively, much greater use of umbrella structures should be considered as USAID/SA is currently doing.

empowerment, remarking that this was a cause for which they could willingly dedicate time and energy.

But, as events unfolded, the Mission's programming began to reflect an increasing emphasis on a more traditional developmental agenda. With the creation of the democratically elected Government of National Unity in April 1994 and the promulgation of the RDP, a new context emerged, focusing foreign assistance on helping to develop infrastructure and capacity in major sectors of society. In consultation with South African stakeholders, USAID/SA's emphasis shifted from its "activist" empowerment agenda, with programs including significant initiatives in human rights and grassroots community development, to developmental areas including enterprise development and housing.

This evolution, from political to developmental, occurred over an extended timeframe and is well illustrated through a comparison of the language and tone of two significant Mission planning documents which present the logic of USAID/SA's objectives and programming. The first, the *Program Strategy Statement*, written in 1988,[2] reflects the grim realities of the apartheid states of emergency, political repression, widespread violation of human rights, and denial of basic liberties and opportunities to the majority population. It shows an activist Mission staunchly pursuing the political agenda mandated by the CAAA, vigorously defending the rights of a victimized people against a racist, oppressive government. Its first three sectoral objectives in the area of human rights were to:

1. Confront apartheid laws, policies, practices, and other human rights violations

2. Resist apartheid's enforcement

3. Provide relief to victims of violence[3]

"Confront," "Resist," "Provide relief to victims;" this is not the rhetoric of development, but of insurgency. It was a stance explicitly promulgated by the Mission and one which was noted and truly appreciated by many of those in leadership positions in the anti-apartheid struggle. It was an approach appropriate in the context of building Mission contacts and credibility, standing squarely with apartheid's victims, and providing relief, assistance, and support. At that time, an emphasis on what might usually be considered "normal" developmental objectives would have been out of place and would have been viewed by many as co-optive and destructive.

Compare the language and tone of the 1988 document with the Mission's "Strategic Objective Tree," contained in the *USAID/South Africa Strategy Concept Paper*,[4] which was prepared only

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[2] U.S. Agency for International Development, *USAID/South Africa Program Strategy Statement* (Washington D.C.: June 1988).

[3] Ibid., Vol. II, 2-3.

[4] U.S. Agency for International Development, *USAID/South Africa Strategy Concept Paper* (Pretoria, South Africa: March 1993), 39.

five years later, in 1993. Here, USAID/SA is operating within a dramatically transformed context in South Africa and the world. Political parties have been unbanned and political prisoners released for more than three years; the ANC has renounced armed struggle and nationalization of industry in favor of electoral politics and a mixed economy. Southern Africa is no longer a stage upon which Cold War political dramas are played, and there is hope for peace and democracy in the "frontline" states. This is a time for planning and development for democracy, and, while human rights objectives and targets remain, their tone reflects this extraordinary transformation to a kind of "normalization." For example:

> Strategic Objective 1. Majority population participates more fully in the political development and governance of a democratic, human rights based South Africa.
>
> Target 1.2 Help assure fundamental civic and political rights under a rule of law which is respected by and accessible to all citizens.[5]

Thus, the Mission is no longer in a confrontational stance, and, in responding to the changed political environment, it is focusing its resources on long-term development initiatives rather than on the immediate struggle.

In truth, of course, the distinction between the political and the developmental is not absolute. Developmental initiatives, for example, may well serve to empower the disadvantaged population, certainly a political outcome, while political interventions, such as strengthening the capacity of local NGOs, may result in long-term, sustained developmental outcomes. But despite the overlap, there is, analytical and practical merit in distinguishing the two areas of emphasis: the political or empowerment emphasis seeks to change the basic equations of political power within a society while the developmental emphasis seeks to build long-term, sustainable institutions and infrastructure to foster national growth and well-being.

Table 4 depicts the two contexts, political and developmental, within which USAID programming may occur. USAID/SA's experience suggests that there is no single model which is sufficiently broad or robust to encompass these divergent, although overlapping, contexts. To assume a developmental stance in a context of democratic insurgency against a totalitarian regime would be ineffective and supportive of the status quo. Likewise, to assume a subversive stance in a context of popular democratic development would be, at the least, ineffectual and wasteful, and easily becomes undermining and destructive.

Table 4 characterizes the contexts within which a Mission can most appropriately assume either a political or a developmental emphasis in its programming and administrative operations. Neither approach or model is inherently superior; each has its place within the contextual limits presented below.

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[5] Ibid.

Table 4
The Contexts of USAID Programs

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

The conceptual framework presented in Table 4 also serves as a cautionary note against attempting to judge a Mission's activities by inappropriate standards. For example, to achieve its CAAA objectives, USAID/SA's approach to its activities and administrative practices during the "early years" (1986-87) could only have been political in emphasis. But such an approach would not have been successful during the "transition period" (1992 to April 1994) and beyond. The limited information collected for this evaluation from five additional USAID Missions in Africa (Kenya, Liberia, Mali, Namibia, and Zimbabwe) and the reports that were reviewed concerning USAID-supported NGO programming lend further support to the practical utility of this conceptualization.

The contextual framework presented in Table 4 suggests that an empowering, or political, program emphasis such as USAID/SA had in 1986 to 1990 is only appropriate in situations in which there is an unpopular totalitarian regime against which a democratic civil sector is aligned. In such circumstances the USAID Mission must first establish trust and credibility with the democratic opposition, suggesting a strategy of funding and support for activities which may typically be focused in the area of human rights and in strengthening and building capacity of NGO and other civil-sector institutions. Often, as reported in Liberia and Kenya, such political programming must be conducted in the face of direct opposition or, at best, the sufferance of the host government. This is not surprising, since these are, in fact, political interventions, which, like those conducted by USAID/SA under CAAA guidance, are intended to radically transform the political landscape in favor of democracy.

As reported by USAID/Mali and USAID/Liberia, the creation of such initial relationships of trust with the democratic opposition, and the initial NGO capacity-building process, develop slowly and subtly; this process is not easily charted or measured by traditional developmental-focused management or evaluation methodologies. Persons, agencies, and institutions operating in direct opposition to a totalitarian government must maintain a high degree of operational secrecy and devote much of their resources and attention to ensuring their own survival. To be effective in the political mode, Missions must conduct themselves in a manner congruent with these realities. If a Mission is expected to act in a developmental mode in such a context, the program will go awry.

Similarly, it cannot be expected that beleaguered NGOs—which are busy trying to keep their staff and stakeholders alive and out of prison—will conduct themselves in an open manner, devote a large portion of their energies to internal administration and recordkeeping, and generate substantive measurable developmental outputs. These are inappropriate expectations, and measurement or assessment by these criteria is inappropriate to the context at hand. Similarly, it cannot be expected that a USAID Mission operating within such a political context, and focusing on the issue of political empowerment, can itself conduct its activities in a transparent manner, or even, as the South Africa experience demonstrates, publicly reveal to whom it is providing support. This is the error of utilizing, within the political arena, measurement tools, standards, and criteria which are appropriate to the developmental context: a one-size-fits-all approach which cannot succeed.

It is also worth noting the differences in operational style within these two diverse contexts. In a developmental mode, it is appropriate and beneficial for the Mission to emphasize planning, accountability, measurable accomplishments, and sustainability. Operating within a context of governmental legitimacy, long-term bilateral projects can be designed, implemented, evaluated, and sustained. Interventions into basic societal sectors—enterprise, agriculture, finance, the environment, health, the physical infrastructure, to name a few—can help stimulate sustained productive development, even while continuing to address social inequities.

When the context permits a developmental emphasis, Mission staff serve as technical and management experts, participating in the design, implementation, and evaluation of complex developmental interventions. While some flexibility is, of course, retained, the Mission operates in a mode of openness, clear direction, accountability, and compliance with usual administrative procedures. This is the traditional model of managed, planned development assistance.

In an empowerment, or political, context, a Mission's operational style is radically different. Acting in an environment of conflict and potentially explosive change, the Mission engages in what may be termed a "subversive" agenda. The Mission adopts an opportunistic stance, maintaining close, ongoing consultation with its constituencies on the ground, adapting its strategies and activities as the political situation changes. While planning and accountability go on, the Mission's perspectives tend to be flexible and shorter term, its program goals concerned less with structural sustainability and technical output (e.g., increasing rice production in X province by Y percent in Z years) than with networking, helping to protect and sustain the often embattled democratic opposition, serving as agents of change rather than of incremental development.[6] Also, professional and technical expertise diminish in importance. Mission staff find themselves drawing upon their interpersonal skills and organizing ability, their ability to listen and to consult, to work one on one with grassroots organizations and activists. Measurement of productivity and effectiveness emphasizes process; it tends to be qualitative and narrative.

Finally, within the political environment, Missions tend to involve relatively few U.S. stakeholders, including contractors: the sensitivity of the political terrain and the emphasis on popular empowerment preclude their involvement. In the developmental context, however, USAID programs may include a significant U.S. stakeholder involvement, drawing upon technical and professional expertise, building a network of supportive stakeholders in the United States, utilizing intermediary organizations to administer large "umbrella" programs. Here, again, the best practice is context-specific rather than absolute.

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[6] There has always been a debate about the relative merits of formal, long-term, "management-by-objectives" style planning, embodied at the extreme by successive, ponderous, inflexible, and ultimately futile Soviet-type "Five-Year Plans," versus a shorter-term, incremental planning model (which, at its extreme, devolves into unaccountable, anarchistic reactivity). While committed planners are always shocked to discover the degree to which they cannot account for and control that about which they plan (witness, for example, the surprise evinced by Soviet "experts" at the sudden, unexpected disintegration of the object of their expertise), incrementalists may well resist and underestimate the parameters of effective planning, perhaps to escape accountability or disappointment. Here, too, we would maintain that the context conditions the level and type of planning, management, and evaluation that is efficacious.

IV. FROM LIBERATION STRUGGLE TO NATIONAL DEVELOPMENT: CHALLENGES OF THE TRANSITION

A. The Changing Context

This evaluation has examined the activities and consequences of USAID/SA's programs during the final, tumultuous years of South African minority rule and the collapse of its apartheid structures. The South African elections in April 1994 and the formation of the Government of National Unity have placed South Africa in a critical transitional period of reconstruction and development. USAID/SA has explicitly acknowledged that with this fundamental change in the political context will also come a major shift in the direction and operations of the Mission:

> The USAID program in South Africa will change significantly in response to the successful electoral process that has led to majority rule. The program, now focused primarily on empowering the disadvantaged majority, will be expanded to include advancing majority rule and promoting sustainable development. Existing projects will be modified and new projects developed to respond to the needs of the post-apartheid South Africa.[7]

The empowerment and developmental framework posits an inherent parallelism between the context within which a Mission conducts programming and the nature and operational style of that Mission. It suggests that a significant change in societal context, such as that occurring in South Africa, will generate changes not only in the nature of the Mission's programming, but also in the way it organizes, structures, and conducts these program activities. It is, therefore, not surprising to find that as USAID/SA is reprogramming its resources in consonance with the postelection transitional context, it is simultaneously engaging in a critical process of self-assessment which will likely result in a significant structural and procedural reconfiguration paralleling the change in program direction.

Although the process of reassessment and redesign is proceeding as this report is prepared, there are indicators of its general shape and direction. In keeping with the shift from an empowerment to a developmental emphasis, Mission Director Leslie "Cap" Dean suggested in an evaluation interview in September 1994[8] that USAID/SA will adopt characteristics of a more "traditional" USAID Mission, characteristics which are more appropriate to the new developmental context.[9]

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7 U.S. Agency for International Development, "Overview," *Post-Elections Assistance to South Africa* (Pretoria, South Africa: May 1994).

8 Mission Director Leslie Dean, interview by Gayla Cook and James M. Statman, Pretoria, South Africa, Sept. 1994.

9 It is important to reiterate that USAID/SA Mission programming has always combined elements of both empowerment and development and will continue to do so. Since 1990, there has been a continuing shift in emphasis toward developmental programming, as events in South Africa have warranted. Following assistance in support of democratic elections, the principal political empowerment milestone, it is appropriate to shift the balance even further toward reconstruction and development.

In considering this shift, it is useful to bear in mind the ways in which USAID/SA has, of necessity, operated differently from the traditional Mission model. In a 1989 "Mission of the Month" article in USAID's newsletter, Mission Director Dennis Barrett stated it succinctly: "Unlike other USAID programs, the focus of the South African program is fundamentally political."[10]

The requirements of the CAAA and the realities of the South African context placed USAID/SA in a stance of supporting active opposition to the government and working primarily through numerous NGOs and CBOs. These realities, and the need to overcome the reluctance of many community organizations to accept USAID/SA support, necessitated a Mission operational style and structure which emphasized widespread and protracted consultation with stakeholders in the field—and the broad issuance of relatively small grants to NGOs across the country, many of which had not previously received such outside donor support. With a clear political agenda and within an empowerment context, USAID/SA operated much like a foundation, awarding grants on a direct, "retail" basis to worthy community organizations.

But, from the start of Mission operations in 1986, it was clear that this process of outreach, consultation, organization, monitoring, and support was operationally and administratively intensive. By 1989, the Mission reported that with its relatively small staff of nine professionals handling over 300 "management units" (i.e., individual activities such as grants or projects), the Mission's project-to-staff ratio constituted one of the highest in the Agency.[11] The complex, insistent demands of the rapidly changing South African political context and the major growth in Mission annual budgets (without a proportionate increase in staffing) have, if anything, exacerbated the situation, leading Mission Director Dean to conclude that, among USAID programs, "USAID/SA is the most labor intensive program that there is."[12]

With the change in political context, the formation of the Government of National Unity and the initiation of the RDP, the Mission is examining operational and structural alternatives to its "retail" approach, which has resulted in an inability of some program staff to conduct the consultation and fieldwork that this approach requires (and complaints among some grantees that the Mission is no longer as accessible as before).

In a May 1994 "Action Memorandum for the Director," the Director of the Mission's Program and Project Development Office, John D. Wooten, noted the necessity of reorganizing staff and restructuring program resources, for several reasons. These were to (1) consult with the new South African Government (on the national, provincial, and local levels), (2) improve contact with critical South African stakeholders and the Mission's grantee community, and (3) strengthen internal operations to free staff time from the administrative requirements of the funding process

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[10] "Mission of the Month, USAID in South Africa," *Front Lines*, 29:11 (Dec. 1989): 8.

[11] Ibid.

[12] Leslie "Cap" Dean interview, Sept. 1994.

to the implementation of a comprehensive, accomplishments-based program strategy.[13] While acknowledging the appropriateness of an increased use of "umbrella" organizations to serve as programmatic and administrative intermediaries between USAID/SA and subgrantees, Mr. Wooten stressed that the use of these umbrella grantees would not constitute a barrier to the Mission's contact with the field, but would instead provide the free time to enable the USAID/SA staff to engage in more extensive consultations. Terming the consultative process a "hallmark" of USAID/SA's "culture," Mr. Wooten asserts that "directly engaging a wide diversity of South Africans must remain our strength irrespective of decisions made concerning assistance delivery modes or organizational structure . . ."[14]

Mr. Wooten also cautioned that if the Mission moves from a "retailing" to a "wholesaling" mode, it must take care to ensure that its "search for entities that have demonstrated management capacity to handle large, umbrella programs" does not adversely impact black-led NGOs: that the necessity of development efficiency not be at the price of majority empowerment.[15]

The change in political context also allows the Mission to begin to work bilaterally with the South African Government and to directly support the RDP. Viewing the establishment of a strong and independent civil sector as critical for the maintenance of democracy, the Mission has underscored its commitment to continue support for its "traditional" NGO constituency. However, it seems certain that the current transition period will entail a significant shifting of some resources from the NGO to the governmental sector: a process that will occur even while the relations between South Africa's public and private sectors become manifest through ongoing practice.

Finally, it must be noted that the major change in political context in the United States will surely affect the size and shape of the South African program in the immediate years ahead. Even before the U.S. congressional elections of November 1994, USAID as a whole was engaged in a process of what has been popularly termed "reinvention," or "reengineering," ultimately designed to make its operations more transparent, focused, and efficient. With the new Congress' emphasis on fiscal constraint and governmental "downsizing," it is clear that the Mission's current efforts to facilitate operational efficiency and documented programmatic impact are consonant with these new political realities.

In summary, the truly significant change in the South African political context, together with the rapid increases in USAID/SA's annual budget, have generated a corresponding process of appropriate programmatic and operational change within the Mission. This shift—from a primarily empowerment to a developmental context—also coincides with the establishment of the democratically elected Government of National Unity and the resultant potential for shifting some Mission support from the private to the public sector to launch bilateral development initiatives.

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13 John Wooten, "Action Memorandum for the Director" (USAID/SA, May 19, 1994), 1-2.

14 Ibid., 2.

15 Ibid., 3.

This current post-CAAA period of transition also occurs at a time when U.S. political realities stress fiscal constraint and government downsizing and nonactivism.

B. Transitional Issues

Drawing upon the evaluation findings and the contextual framework, this section briefly identifies some issues, areas of concern, or pitfalls that the Mission may predictably encounter in negotiating this period of transition within the new contextual realities described above.

1. The Problem of Measurement

The transition from a primarily political, empowerment context to an emphasis on developmental programming requires a change in the metric and method of measurement of program success. The likely initiation of relatively long-term, impact-oriented projects with measurable objectives and indicators makes possible a more traditional, quantifiable, outcomes-based assessment of program achievement and sustainability.

It is also important to avoid the post hoc, retroactive employment of measurement techniques appropriate to a context of sustained development to projects and activities conducted within the empowerment context. Such techniques are unsuitable, for example, in measuring the long- or short-term impact of a single political trial; the historical importance of a meeting between the ANC and the IFP which helped bring Inkatha into the electoral process; or the effect on the morale and safety of a beleaguered and isolated black community of having its small CBO receive financial and technical support from the Mission.[16]

What makes this issue even trickier is that during the transition period, the Mission will be conducting projects which have both political/empowerment *and* developmental characteristics. Assuming equal cost, how, for example, does one assess the relative value of a project in which a white-led organization builds 20,000 housing units in a township during an 18-month period compared to the value of a project in which a new black-led organization constructs 15,000 such units in the same township over 24 months? On the basis of developmental outcome alone, perhaps, one must always favor the traditional bottom-line results which, after all, give 5,000 more disadvantaged families decent housing sooner. But this solution essentially neglects the political empowerment issue. It maintains, perhaps even reinforces, the existing inequitable power relations within South African society, it does not take into account historic and current differences in opportunity and access, and it does not provide an avenue for political change and empowerment, which remain goals of the USAID/SA program.

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[16] In a 1989 article, Mission Director Dennis Barrett concludes, "I really think we're making a difference. We're offering some hope to black South Africans and paving the way to a more humane and just post-apartheid society." Unfortunately, the standard measurement and evaluation approaches which are often useful and appropriate within traditional developmental contexts are usually unable to address dimensions such as the building of "hope," "humanity" (Ubuntu), and "justice," all appropriate aspects of USAID's South African programming under the CAAA political/empowerment context ("Mission of the Month, USAID in South Africa," 9).

While such dilemmas are perplexing, practical, common-sense solutions can be facilitated by keeping in mind the dual developmental and empowerment contexts of the transition period and not arbitrarily measuring achievements in one realm through techniques appropriate to the other.

2. "Uncloaking" the Program

The contextual model notes that, in order to operate effectively within the empowerment context, it is often necessary for USAID Missions to operate in a relatively closed, secretive manner regarding its activities, including grant disbursements. During the evaluation interviews, numerous community activists mentioned the absolute necessity of secrecy as a condition for participating in the Mission's programming or even, at times, for consultation. Political processes such as diplomacy, mediation, and subversion often require a large "space" for secrecy.

The developmental context, however, rightly calls for openness and accountability. Stakeholders in the United States and South Africa have every right and responsibility to know what programs are being undertaken, at what cost, and with what outcomes and process. Here, too, the transition presents dilemmas. As the fledgling South African democracy faces ongoing political challenges at home; as national, provincial, and local governmental entities work out their respective powers and jurisdictions; and as the elements of civil society such as NGOs, the press, and the private business sector seek to secure their standing vis-a-vis government, it is obvious that the political context of South Africa did not conclude on April 27, 1994, the day of elections. Within such a complex, evolving, and often contentious atmosphere, the Mission must still constrain the degree of openness with which it conducts its activities.

Furthermore, the Mission also faces the ethical and practical issues of whether and how to "uncloak" information about its activities in South Africa to date. Are grants and projects heretofore held in confidence now public information? Is the government entitled to receive information on which South African and American organizations received or are receiving financial support, or should this remain confidential?

As the furor in South Africa over the question of indemnity for political crimes and human rights abuses conducted under the apartheid system reveals, the problems of dealing with "truth and reconciliation" are charged with extraordinary symbolism and emotion. Barring overriding policy requirements to the contrary, during the immediate transition period it may be best for the Mission to continue to honor all past agreements for, or expectations of, confidentiality or secrecy, unless and until the affected parties release the Mission from this obligation. Negotiations for new agreements, grants, or projects would acknowledge a new context and allow for far greater openness.

3. "Remixing" Staff Skills

The transition from an empowerment to a developmental context has important implications for the mix of skills, abilities, knowledge, and perspectives required by the Mission as a whole and

for individual staff members. The empowerment context calls for highly committed people with strong interpersonal and communications skills: people who are willing to take chances, to embark on new, untried program ventures, to risk failure and to work within an often stressful and chaotic, highly politicized environment.

Members of the Mission team, during its early years in South Africa, were remembered in the field for their ability to listen patiently, to understand, and to acknowledge and respect the South Africans' leadership in shaping program directions. These staff were acknowledged for their caring and dedication, their commitment to the South African struggle for democracy, their readiness to leave the office and meet black South Africans in their communities, and their ability to face criticism and rejection while still maintaining a commitment to dialogue, consultation, and cooperation. These staff may well have possessed technical expertise in any number of relevant program areas, however, the empowerment context did not typically call upon or reward them or the Mission for these achievements. It required instead the skills and abilities associated with change agents, mediators, crisis intervention workers, and community organizers.

The emerging developmental context presents a strikingly different profile of required skills, knowledge, abilities, and perspective. It calls for technical proficiency and administrative rigor, with an emphasis upon the design, planning, management, implementation, and evaluation of often long-term, technically demanding projects in areas including health, sanitation, environmental and city planning, information systems, finance, and entrepreneurship. While such staff may well possess outstanding human relations and communications skills, these skills are considered quite secondary to technical expertise and experience (within some broad limits of respect for host-country customs and common courtesy).

While the shift toward the developmental context suggests a skills mix in which technical proficiency will increasingly become the primary qualification, the current transition period requires staff to possess both human relations and technical expertise. Despite enormous progress, South Africa remains a highly demanding environment within which to work, one which still requires a nuanced political understanding of the meaning and implications of actions and events. As the difficult process of actualizing South African democracy continues during the transition, as differences of race, class, ethnicity, culture, religion, and political belief manifest themselves in the work environment and in everyday life, the Mission's U.S. and South African staff will continue to find themselves challenged personally, as well as, professionally by these pressures.[17]

[17] It is interesting to recall that the internal dispute over the Mission's policy of affirmative action transpired not during the earlier periods, in which the South African Government remained firmly committed to the maintenance of minority rule, but in the post-February 1990 era, in which issues of how the society would, to use the popular phrase, "dismantle apartheid," and address its inevitable remnants came to the fore. These questions of how to address ongoing inequities in education, wealth, opportunity, and power, which are rooted in historical injustice (issues not dissimilar to those confronting U.S. society), are far more contentious to Americans than were those raised by the simpler dichotomy of oppressor and oppressed characteristic of the apartheid era. In a sense, the massive, overwhelming injustice of apartheid masked differences in values, perspectives, and opinions which inevitably existed within the Mission. The demands of the post-apartheid transition thus require a sturdy commitment to professionalism and tolerance on the part of all the Mission's staff members.

Because of the agency-wide policy of rotating staff postings after one or two tours of duty, U.S. staff inevitably move on to another country within a period of two to six years, a process which mitigates the difficulties inherent in coping with major changes in Mission context and resultant changes in program direction and operational style. Virtually no U.S. staff from the "early years" under Timothy Bork's direction (1986-87), and only a handful of those who served during the period of "consolidation and expansion" under Dennis Barrett's tenure (1988-91), remain at the post. To the extent that new American staff are recruited who meet the new profile of technical expertise, the shift in skills mix becomes less problematic, with few "old-timers" left to resist the change in emphasis. Further, to the extent that the new context generates a USAID/SA Mission that is more traditional in its structure and operations, new U.S. staff members will not have to contend with adjusting to a dramatically different organizational culture than that from which they came.

Unlike their American counterparts, the South African Foreign Service Nationals (FSNs) are not similarly restricted in their tenure and thus provide a strong base of history and continuity to the Mission. The current transitional period presents USAID/SA with many significant challenges, including the establishment of working relationships with the various branches and levels of government and the inevitable "renegotiation" of the Mission's relationship to the NGO sector. The FSNs will surely be called upon to lend their perceptions, understanding, credibility, and consultative and networking skills to enable the Mission to successfully negotiate delicate and potentially volatile issues, just as they have throughout the Mission's existence.

While the role of the FSNs within the Mission remains as essential as ever, because of their longevity, individual FSNs must face the changes within the Mission's focus and operational style from which their American counterparts are spared. To the extent that the Mission will increasingly value technical skills, FSNs will have greater opportunities to utilize those which they possess and to access training opportunities to upgrade their skills.[18] At the same time, we may reasonably expect that some FSNs—finding that USAID/SA is no longer the "same place" it was when they joined the staff— may, for purposes of professional development or personal preference, choose to move on. This is an inevitable process during such a time of change and does not reflect negatively upon either the Mission or the staff concerned.

4. Redefining the Organization Culture

During the current period of transition, the change in emphasis from an empowerment to a developmental context will generate a parallel process of change in the Mission's programs and operational structure and style and a corresponding change in the Mission's organizational culture. The developmental context requires a culture of planning and measurement, of rigorous administration and monitoring of projects with an emphasis on evaluating and documenting cost-effective, sustainable developmental impacts.

[18] The Mission encourages and provides access to skills training and upgrading to virtually every level of its U.S. and FSN staff.

These dynamics, together with the pressures resulting from the growth in the Mission's budget, the labor intensity of the Mission's foundation-like, "retail" approach to making grants, and the need to establish formal working relationships with government, will further encourage a transformation to a more highly structured, traditional Mission. One essential element of this change is the Mission's increased reliance upon intermediary, "umbrella" organizations to disburse project funds to subgrantees within a defined program or geographic area and to monitor program and fiscal activity and reporting. In principle, the use of such intermediaries will greatly decrease the administrative workload of Mission project officers, who might, for example, have to monitor the operations of two umbrella grants (which, in turn, each manage the activities of perhaps 20 NGO subgrantees in the field).

The use of umbrella organizations further serves as a means for the Mission to facilitate capacity building within a limited number of particularly competent black-led NGOs, which would serve in this intermediary function. This "wholesale" model is also consonant with the contextual realities of an ongoing decrease in the number of South African NGOs (now that government is available to provide functions and services which the apartheid regime failed to deliver to the majority populations), with the virtual certainty that some significant proportion of Mission resources will be channeled directly to government, and with the general atmosphere of fiscal restraint and emphasis on efficiency which characterizes USAID operations worldwide.

The umbrella mechanism will thereby fundamentally alter the relationship between the USAID/SA project officer and the Mission as a whole and the grassroots organizations which had been a major constituency. The danger, of course, is that the Mission will become more distant from the realities of the field and lose touch with those segments which, perhaps most of all, need support and encouragement: the small CBOs in the severely disadvantaged communities across South Africa. Conversely, this model could have the opposite effect, improving operational efficiency and actually freeing the Mission staff to engage in more sustained and intensive outreach and consultation. If, however, the new organizational culture's emphasis on structure and formalism—on reporting, measurement, and justification—simply substitutes a new set of administrative requirements for the grant-monitoring burdens of the old culture, then the Mission, though more administratively and bureaucratically sound, risks losing the forest for the trees.

C. Negotiating the Transitional Period

While the balance is clearly shifting from an empowerment to a developmental context, the transitional period in which USAID/SA is now engaged calls for a mixture of program areas and operational styles. Yet the dual, and at times seemingly contradictory, demands of the two contexts tend to generate a predictable set of dilemmas or pitfalls, some of which were discussed above. The challenge of the transitional period is to combine the strengths derived from the improvement of administrative operations (planning, reporting, and evaluation functions) and the deployment of technical resources with elements of the initiative, activism, creativity, and risk-taking characteristic of the Mission's culture during its earliest, most politically focused days.

In a sense, what is required is the adoption of an organization-wide "cultural diversity," one which recognizes and supports the direction in which the Mission is heading, but which also appreciates the accomplishments and operational style of the earlier period (not as a distortion of proper structure and procedures, but as an appropriate response to the empowerment context in which it existed). Certainly, elements of that organizational culture and style must remain with the Mission throughout and beyond the period of transition in South Africa.

But USAID/SA is, of course, not an independent entity. As a component of USAID's overall program, it must adhere to a set of standards and procedures which govern the conduct and operations of all such Missions worldwide. Under the protective authority of the CAAA, and partially sheltered by its sanctions (which limited American access to South Africa), the USAID/SA Mission was able to operate somewhat differently and to conduct the kind of quiet, often secretive outreach and consultation required at that time. Within a fairly centrally controlled system, USAID/SA became something of an "outlier," a decentralized exception.

As the South African context has changed, and with its increased budget and higher public profile, USAID/SA now finds itself an object of intense interest and almost constant scrutiny from various sources who comprise the constituency of U.S. stakeholders interested in South Africa and who often want and expect to play some role in its development process. This constituency includes the press, USAID/W, regional USAID offices, congressional oversight committees and individual members, the General Accounting Office, the White House, and a host of U.S. businesses, non-profit and advocacy organizations, labor, religious and civic bodies, universities, and others. With this enhanced visibility and the concomitant increased demand for documentation and accountability, normalizing pressures mount from outside and within the Mission to have it more closely conform to the traditional USAID Mission model.

To a significant extent, therefore, the ability of USAID/SA or any USAID Mission to adopt and maintain structures and operational styles appropriate to an empowerment, as opposed to a traditional developmental, context will be determined by the parameters of difference which the USAID system will allow. Perhaps the current public discomfort with "one size fits all" regulations will support and encourage consideration of more flexible, decentralized approaches to program operations and management. If this is so, then the experience of USAID/SA as it evolves from the primarily empowerment to the developmental context, and as it experiences the period of transition, may prove instructive for the system as a whole.

V. SUMMARY AND CONCLUSION

What are the lessons learned, the broader implications of the work of USAID/SA from 1986 to 1994? Perhaps the principal lesson of USAID's experience in South Africa is that USAID can work effectively over a sustained period, within a dynamic context of extreme political, social, and economic struggle and change, if the Mission is afforded the autonomy, protection, latitude, and flexibility to responsively and creatively pursue programmatic objectives within a general framework of policy and procedural guidance.

The ability to work effectively in a rapidly changing, politically complex context, with numerous stakeholders—including governmental structures, political groupings, NGOs, and civic, labor, and community organizations—requires that the Mission remain in broad, dynamic consultation with diverse constituencies to whom it is able to respond quickly, flexibly, and equitably. Although administratively burdensome, this direct assistance to pluralistic constituencies strengthens civil society and enhances USAID's standing and influence within the country.

In summary, USAID/SA's experience has demonstrated that:

- USAID can work effectively outside usual development structures of bilateral agreements with a host government.

- Despite problems and differences within this context, USAID is able to establish and maintain credibility on the ground with numerous stakeholders. Factors which facilitated this achievement for USAID/SA include:

  - Its realization of the importance of consultation

  - Its nonpartisanship

  - Its ability to provide a significant level of resources in a resource-needy environment

  - Its base of USAID-trained professionals, including a substantial FSN presence in-country

  - Its dedicated and personally committed Mission leadership and staff, including FSNs, who took on a delicate and dangerous responsibility and played a truly significant role in facilitating communication, consultation, and acceptance of USAID's involvement in the processes of national liberation and development.

- Having established linkages with numerous stakeholders, USAID can rapidly and effectively respond in a focused manner to emerging issues and crises, for example, by confronting human rights violations, addressing voter education and electoral systems requirements, and facilitating conflict mediation and democratization.

- Although the style, process, and outcome of a USAID program are sensitive both to events in-country and to the approach and "personality" of Mission leadership, by maintaining ongoing consultation with the field, it is generally possible to achieve a positive impact throughout, with remarkably few program "disasters."

- Particularly in a high-profile country, the conduct of the USAID program remains tied to the U.S. political process and conflicts. For example:

- USAID/SA benefitted greatly from the protection afforded by the CAAA legislation

- In the early stages, USAID/SA benefitted from a relative lack of visibility and from the ability to partially "suspend" usual USAID procedures and requirements

- Internal conflicts within a USAID Mission reflect conflicts within American society, but present the potential danger of imposing U.S. constructs on host-country issues and disrupting Mission operations.

• USAID/SA was able to effectively mobilize, encourage, utilize, and reward the U.S. constituency from which it received political support.

Perhaps most important to USAID/SA's success was its ongoing ability to build and modify its components and style in accordance with the rapidly evolving context of South African political, social, and economic life. We have seen that the USAID/SA "political" model of 1986 was not the USAID/SA "developmental" model of 1994. And, of course, the context of South Africa continues to change.

Writing in 1992, but looking beyond the immediate vicissitudes of apartheid's final dying days, South African educational historian Michael Cross considered what it would take to create what he termed "a culture of national reconstruction":

> . . . reconciliation does not necessarily mean the absence of conflict. It is rather the re-direction of potential and actual conflict to the benefit of society. Reconciliation is harmony in tension, unity in contradiction or diversity. It is the presence of social tension and contradictions which make unity and harmony possible. This is a reality that everyone should keep in mind when engaging in the process of bringing about national reconciliation, and a pre-condition for national reconstruction.[19]

Mr. Cross is accurate in his assessment. To succeed, the current period of reconciliation, reconstruction, and development must be conflictual, and the South African landscape will therefore remain, as before, essentially *political*. As USAID/South Africa transforms itself to address the emerging possibilities of the new South Africa, its history, its legacy as a "political program," will surely serve it well.

As before, USAID/SA must continue to address both significant new policy issues (e.g., its relative contribution to and support for its "traditional" constituency, South African NGOs, vis-a-vis the Government of National Unity's Reconstruction and Development Programme) and administrative concerns. In view of the size of the Mission staff relative to its technical and

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[19] Michael Cross, *Resistance and Transformation: Education Culture and Reconstruction in South Africa* (Skotaville Publishers: Johannesburg, 1992), 163.

administrative responsibilities, the model of direct funding of numerous "obligations" to South African grantees has placed far too great a workload upon staff, and the model has begun to break down, requiring either a significant increase in personnel, the use of intermediary agents, or a decrease in the number of grantees. We expect that USAID/SA will continue to change appropriately in response to these new challenges.

ACRONYM LIST

AALC	African American Labor Center
ABASA	Association of Black Accountants of South Africa
ABE	Adult Basic Education
ABEL	Advancing Basic Education and Literacy
AIDSCAP	AIDS Control and Prevention Program
AIDSCOM	AIDS Communication Project
ANC	African National Congress
ANLCA	American Negro Leadership Conference on Africa
ATASA	African Teachers Association of South Africa
AZACTU	Azanian Council of Trade Unions
AZAPO	Azanian People's Organization
BCM	Black Consciousness Movement
BCSA	Bursary Council of South Africa
BCU	Black Consumers Union
BLA	Black Lawyers Association
BPED	Black Private Enterprise Development
CA	Chennels Albertyn
CAAA	Comprehensive Anti-Apartheid Act of 1986
CBC	Congressional Black Caucus
CBO	Community-Based Organization
CDC	Centers for Disease Control and Prevention
CEAP	Catholic Educational Aid Program
CIA	Central Intelligence Agency
COLD	Community Outreach and Leadership Development
CODESA	Convention for a Democratic South Africa
CORE	Cooperative for Research and Education
CORPLAN	Community Resources and Plan Trust
COSATU	Congress of South African Trade Unions
CRIC	Career Research and Information Centre
CUSA	Confederated Unions of South Africa
DBSA	Development Bank of Southern Africa
DEAL	Disseminating Education and Literacy
ECE	Early Childhood Educare
EDT	Education Development Trust
EF	Education Foundation Trust
ELET	English Language Educational Trust
ELRU	Early Learning Resource Unit
ELMAP	English Language Materials and Programs
EOC	Educational Opportunities Council
EIC	Education Information Centre

ESAT	Education Support and Training Project
EU	European Union
FOSATU	Federation of South African Trade Unions
FPASA	Foundation for Public Administration of South Africa
FSN	Foreign Service National
FY	Fiscal Year
GAF	Get Ahead Foundation
HIG	Housing Investment Guarantee
IBEC	Independent Business Enrichment Centre
ICIC	Israeli Center for International Cooperation
ICRC	International Committee of the Red Cross
ICFTU	International Confederation of Free Trade Unions
IDASA	Institute for a Democratic Alternative for South Africa
IDT	Independent Development Trust
IEC	Independent Electoral Commission
IEB	Independent Education Board
IEQ	Improving Educational Quality
IESC	International Executive Service Corps
IFP	Inkatha Freedom Party
IIE	Institute of International Education
INSET	In-Service Education and Training
IMF	International Monetary Fund
IMPD	Institute for Multi-Party Democracy
IMSSA	Independent Mediation Services of South Africa
INLOGOV	Institute for Local Government
IRI	International Republican Institute
LHR	Lawyers for Human Rights
LRC	Legal Resources Center
MATO	Mamelodi Theatre Organization
MESAB	Medical Education for South African Blacks
MSI	Management Systems International
NACTU	National Association of Confederated Trade Unions
NADEL	National Association of Democratic Lawyers
NAFCOC	National African Federated Chamber of Commerce and Industry
NAFEO	National Association for Equal Opportunity in Higher Education
NDI	National Democratic Institute
NECC	National Education Coordinating Committee
NECC	National Education Crisis Committee
NED	National Endowment for Democracy
NEPI	National Education Policy Initiative
NGO	Non-governmental Organization
NLC	National Literacy Cooperation
NSAHA	New South Africa Housing Association

NSSM	National Security Study Memorandum
OMHLE	Operation Masakhane for the Homeless
OYB	Operational Year Budget
PAC	Pan African Congress
PACT	Private Agencies Collaborating Together
PETP	People's Express Training Project
PPP	People's Participatory Planning and Action
PROMAT	Project Matriculation
PSC	Personal Services Contractor
PVO	Private Voluntary Organization
PWO	Phambali Women's Organisation
RDP	Reconstruction and Development Programme
SAAAD	South African Association for Academic Development
SAAECE	South African Association of Early Childhood Educare
SABER	South African Basic Education Reconstruction Project
SACDA	South African Community Development Agency
SACHED	South Africa Council for Higher Education
SAFPUM	Foundation for South African Public Administration
SAIRR	South African Institute of Race Relations
SALDEF	South African Legal and Defense Fund
SALMA	South African Lumber Millers' Association
SAVGEA	South African Vocational Guidance Education Association
SCAT	Social Change Assistance Trust
SEF	Small Enterprise Foundation
SUDS	Housing/Shelter and Urban Development Support Project
STEP	Support to Tertiary Education Project
TCOE	Trust for Christian Outreach and Education
TDSA	U.S. Training for Disadvantaged South Africans
TELP	Tertiary Education Linkages Project
TEPS	Tertiary Education Project Support
TOPS	Teacher Opportunity Programs
TREE	Association for Training and Resources in Early Education
TSF	Transition Support Fund
UDF	United Democratic Front
UDUSA	Union of Democratic Staff Associations
UPP	University Preparation Program
USAID	United States Agency for International Development
USAID/SA	United States Agency for International Development/South Africa
USAID/W	United States Agency for International Development/Washington

USIA	United States Information Agency
USIS	United States Information Service
USSALEP	US/South African Leadership Exchange Program

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APPENDIX A

LIST OF INTERVIEWEES
AND
INTERVIEW INSTRUMENTS

USAID/SOUTH AFRICA PROGRAM EVALUATION

INDIVIDUAL INTERVIEWS CONDUCTED AUGUST/SEPTEMBER 1994

NAME	POSITION/ORGANIZATION RELEVANT TO EVALUATION
U.S. STATE DEPARTMENT/EMBASSY/CONGRESSIONAL CONTACTS/ADVOCACY ORGANIZATIONS	
Charles N. Andreas, III	Senate Foreign Relations Committee
Pauline H. Baker	Senate Foreign Relations Committee
Dawn Calabia	House Africa Subcommittee
Herman Cohen	Constituency for Africa, National Security Council
Adowa Dunn-Mouton	House Africa Subcommittee
Walter E. Fauntroy	House of Representatives
Anne Griffin	House Africa Subcommittee, Investor Resp. Research Center
Rosalind C. Harmon	House Africa Subcommittee
F.A. "Tex" Harris	State Department, Consul-General Durban
Princeton Lyman	Ambassador to South Africa, State Department
Steve McDonald	African-American Institute, State Dept., Ford Fnd., USSALEP
Herman Nickel	Former Ambassador to South Africa
Edward J. Perkins	Former Ambassador to South Africa
Randall Robinson	Transafrica
Andy Semmel	Senate Foreign Relations Committee
Steve Weissman	House Africa Subcommittee
Harold Wolpe	Chairman, House Africa Subcommittee
USAID PERSONNEL	
Jonathan Addleton	Program Officer, USAID/SA 1991-1993
James Beebe	Director, Economic Development, USAID/SA
Timothy Bork	Mission Director, USAID/SA 1986-1988
Steve Brent	Special Projects Officer, USAID/SA Senator Kassenbaum's Staff 1985-1987
Keith Brown	Deputy Director, USAID/Southern Africa 1988-1994
Jonathan Conly	Desk Officer, USAID/W 1987-1989
Louis Coronado	Chief, Human Rights & Democracy Division, USAID/SA

NAME	POSITION/ORGANIZATION RELEVANT TO EVALUATION
Leslie "Cap" Dean	Director, USAID/SA 1992-Present
David De Groot	SUDS Personal Services Contractor 1992-1993
Rosemary Depp	Desk Officer, USAID/W 1990
William Duncan	Supervisor Phrdo, USAID/SA
David Evans	USAID/South Africa, Human Resources Department 1990-1994
Mike Feldstein	South African Program Officer, USAID/W 1983-1986
Fred Fisher	Director, USAID/Southern Africa 1987-1990
William Ford	Deputy Director, USAID/SA 1992-Present
Jacob Gayle	HIV/AIDS, USAID/SA 1992-1994
Richard Gold	Program Officer, USAID/Mali
Jeremy Hagger	Housing Officer, USAID/SA
Doug Heisler	Housing Officer, USAID/SA
John Hicks	Deputy Assistant Administrator for Africa, USAID/Southern Africa, 1983-1986
David Himmelfarb	Private Sector, USAID/SA 1990-1992
Mark Johnson	Project Development Officer, USAID/SA 1988-1993
Sarah Labaree	Project Officer, Basic Education, USAID/SA
Lefa Mallane	Development Specialist, Housing & Urban Development
Farooq Mangera	Program Specialist, USAID/SA
Cecily Mango	Project Development Officer, USAID/SA 1986-1991
Aileen Marshall	Project Development Officer, USAID/SA 1986-1989
Nomea Masihleho	Head, Community Development, USAID/SA
Ted Morse	Director, USAID/Southern Africa 1977-1982 Director, USAID/Zimbabwe 1990-1994
Harold Motshwane	Program Specialist, 1989
Dipelelo Ngatane	Education Officer, 1987-1994
Paul Neifert	Private Sector Officer, USAID/SA 1991-1994
Peter Olson	Human Rights, USAID/SA 1987-1989
Carlos Pascual	Program Officer, USAID/SA 1986-1989
Dawn Radebe	Project Management Assistant, USAID/SA
Daniel Rathbone	Program Development, USAID/SA 1990-1994

NAME	POSITION/ORGANIZATION RELEVANT TO EVALUATION
Denny Robertson	Project Development Officer/EO, USAID/SA 1987-1990
Roger Simmons	Former Deputy Director, USAID/Kenya
Wendy Stickel	Deputy Director, USAID/SA 1987-1989
Lucretia Taylor	Deputy Director, USAID/Southern Africa 1992-1994
Michael Trott	Regional Executive Officer, USAID/Swaziland 1986-1990
Janice Weber	Deputy Director, USAID/SA 1989-1992
Dennis Wendell	Project Development Officer, USAID/SA
Harry Wilkinson	Program Officer/Human Rights, USAID/SA 1987-1991
U.S. PVO'S/DONORS	
David Bonbright	SANGONET, Ford Foundation 1982-1987
Larry Cooley	MSI
John Gerhardt	Ford Foundation
Hank Healey	RTI
C. Payne Lucas	AFRICARE
Marilyn Richards	PACT, COLD/PSO Programs
David Smock	Institute of International Education (IIE)
Earl Yates	USAID, Academy for Educational Development (AED)
SOUTH AFRICA GRANTEES/CONTRACTORS/LEADERS/ADVISORS/CONSULTANTS	
CAPETOWN:	
Linda Bierkster	Early Learning Resource Unit (ELRU)
Andrew Boraine	Institute for Local Goverance & Development
Kam Chetty	Foundation for Contemporary Research
Brian Figajy	Peninsula Technickon
Chris Gutuza	Media Training & Development Trust
Jeffrey Kleinsmith	People's Communication Group
David Kramer	PROTEC
Liziwe Lisa	Belleville Community Health Project
Baba Mabuya	Institute for Local Governance & Development
Wallace Mgoki	Legal Resources Center

NAME	POSITION/ORGANIZATION RELEVANT TO EVALUATION
Nombeko Mlambo	Council on Black Education & Research
Roseman Mrudulu	Belleville Community Health Project
Talbot Plater	Centre for Rural Legal Studies
Tahir Salie	Career Research Information Center (CRIC)
John Weaver	Headstart Development Corporation
Helen Zille	University of Cape Town (UCT)
DURBAN:	
Karthi Govender	ACCORD - University of Durban-Westville
Karen MacGregor	University of Natal
Zandile Mdhladhla	Educational Opportunities Council (EOC), Natal
Joe Matuna	Institute for Multi-Party Democracy
Prof. Fatima Meer	Institute for Black Research
Sayed Iqbla Mohamed	Durban Central Research Association
Jabu Sithole	South Africa National Civic Association
Gordon Stobie	Tembalethu Community & Education Centre
Davine Thaw	Olive
Willy Thomas	National Investment Corporation
David Wayne	South Africa Cane Growers' Association
Linda Zama	Linda Zama & Company
JOHANNESBURG:	
Jennifer Bisgard	Khulisa
Geoffrey Budlendler	Legal Resources Trust
Frank Buma	Kagiso Trust
Piroshaw Camay	Cooperative for Research and Education
Frank Chikane	Council of Churches
Morna Cornell	AIDS Consortium
Sheena Duncan	Black Sash
Mike Gumbi	National Youth Development Trust
Stan Kahn	Funda, USSALEP, & Independent Consultant
Horst Kleinsmith	Kagiso Trust

NAME	POSITION/ORGANIZATION RELEVANT TO EVALUATION
Christina Landsberg	Legal Resources Trust
Herta Lauer	Union of Democratic University Staff Association (UDUSA)
Juneas Lekgetha	Association of Black Accountants of South Africa (ABASA) and EDA
Ann Letsebe	WITS, Department of Social Work
John Lewis	Union of Democratic University Staff Association (UDUSA)
Khehla Lukhele	National Stokvels Assocation of South Africa
Nana Magomola	Businessperson
Pearl Mashabela	CCV-TV, Former Women's Magazine Editor
Mpho Mashinini	Operation Hunger
Gay McDougal	Executive Director, Lawyers Committee for Civil Rights and Commissioner of Independent Electoral Commission
Sibongile Mkhabela	United Nations Development Program (UNDP)
Vincent Mntambo	Independent Mediation Service of South Africa (IMSSA)
Nomaswazi Mohlala	AIDSCAP
Dolly Mokgatle	Black Lawyers Association (BLA)
Eric Molobi	Director, Kagiso Trust
Dikgang Moseneke	Attorney in Private Practice, Former Acting Judge, Former Deputy Chairperson, Independent Electoral Commission
Rukudzo Murapa	South Africa Foundation for Public Management
David Mushapalo	FABCOS
Shaida Naidoo	Frederick Eberart Foundation
Makgala Ngetane	Liberty Life Foundation
Enos Ngutshane	Foundation for South African Public Administration (SAFPUM)
Ina Perlman	Operation Hunger
Zubarda Price	Mediation and Conciliation Center
Elizabeth Radebe	Wilgespruit
Nomazizi Ramaphoza	NADEL
Zeph Senkhane	Teacher Opportunity Programs (TOPS)
Aziz Shaikh	Goldev Corporation
Fr. Buti Tlhagale	Educational Opportunities Council (EOC)
Tshepo Tsotetsi	Moletsane Advice Office - WITS Community Programs

NAME	POSITION/ORGANIZATION RELEVANT TO EVALUATION
Prof. Van Der Westhuizer	Human Rights
Patricia White	Wilgespruit Fellowship Centre
Renee Yates	The King Center Voter Education Project
Griffiths Zabala	Institute for Community Management Service
KROOSTAAD:	
Rev. Augustine Moropong	St. Paul's Anglican Church
PORT ELIZABETH:	
Zuki Mpati	Educational Opportunities Council (EOC)
Government Zini	Uientahage Taxi Association
PRETORIA:	
Andrew Miller	PROLIT
STELLENBOSH:	
Johan Van de Merwe	Chennells Albertyn
Glyn Williams	Chennells Albertyn

CASE STUDIES
African American Labor Centre
Association for Training Resources Early Education
Black Lawyers Association
Early Learning Resource Centre
Education Foundation
Educational Opportunities Council
Independent Business Enrichment Center
Mamelodi Theatre Foundation Organization
National Literacy Cooperative
New South Africa Housing Association
Operation Masakhane for the Homeless
Small Enterprise Foundation
Social Change Assistance Trust
Trust for Christian Outreach and Education

GROUP DISCUSSIONS	
BLOEMFONTEIN:	
Dr. Albert Weideman	English Language Materials and Programs (ELMAP)
CAPE TOWN:	
Lydia Abel	Education Support Services Trust
Sarah Archer	Ekulhaleni Community Preschool Project
Tamara Bream	End Racism & Sexism
Christine A. Glover	The Group Credit Company
Chris Gutza	Media Training Development Trust
Rose Mbude	Ekulhaleni Community Preschool Project
Mpho Ndebele	Social Change Assistance Trust
James Olivier	Educ Sup Services Trust
David Screen	Institute for a Democratic Alternative for South Africa (IDASA)
Willem du Toit	UMZAMO Development Project
Tom Winslow	Trauma Centre for Victims of Violence
DURBAN:	
Protas Madilala	Community Service Training Program, University of Natal
Gordon Steele	Tembalethu Community Education Centre, Pietermaritzburg
Futhi Zikalala	Centre for Criminal Justice, Pietermaritzburg
EAST LONDON:	
Michelle Mackam, Linda Vranas	Border Early Learning Centre
Neo Moerane, Sharon Pamy	Community Resources and Plan Trust (CORPLAN)
JOHANNESBURG:	
Shaik Aziz	Goldev
Ron Bukard	CARE
Morna Cornell	AIDS Consortium
Jane Duncan	Freedom of Express Institute
Colin Griffin	Entrepreneurial Development
Colin Haskins	National Literacy Cooperation (NLC)
Dr. James Hlongwane	Qhakaza
Raymond Louw	Freedom of Express Institute
Brenda Mengel	Maths Center for Primary Teachers (MCPT)
Victor Modise	Teacher Opportunity Programs (TOPs)
Jeannette Minnie	Freedom of Express Institute
Idos Mokoena	Dientjie Advice & Res Ct
Nellie Molestane	Freedom of Express Institute
Kumi Nadioo	National Literacy Cooperation (NLC)
Jean Patchitt	Maths Center for Primary Teachers (MCPT)

JOHANNESBURG: (Continued)	
Heather Regenass	PROTEC
Barbara Schuble	NICE
Mariam Sekati	Forum for the Advancement of Adult Education (FAAE)
Ms. Sulimah	Forum for the Advancement of Adult Education (FAAE)
Maria Stephens	NIPILAR
Fr. Buti Tlhagle	Educational Opportunities Council (EOC)
PIETERSBURG:	
Joseph Makanaheng	Hluvukani Literacy Association
Matome Samuel Modubi	Civic Association of Geshego
PORT ELIZABETH:	
Magquabi	Sanco - Eastern Cape
Dr. R.N. Naidoo	Malabar Residents Association
Riordan	Human Rights Trust
Raymond Tofile	Vulindela Trust
Yaze	Institute for Pastoral Education
PRETORIA:	
Carol Bunn	Project Matriculation (PROMAT)
Alice Coetzee	Institute for a Democratic Alternative for South Africa (IDISA)
David Douglas	Independent Mediation Services of South Africa (IMSSA)
G. Mandla Gamede	Zikhuliseni
Sr. Francis Grogan	Ukulthula
H.A. Mphephu	Pretoria Council of Churches
Stella Ndhalozi	Project Matriculation (PROMAT)
N.F. Tibane	St. Peters Church
Mlungisi Twana	WBP
FOCUS GROUPS	
DURBAN:	
Peter Badcock-Walters	Education Foundation
Jonathan Jansen	Improving Educational Quality
Zandile Mdhladhla	Educational Opportunities Council (EOC)
Mervin Ogle	English Language Educational Trust
JOHANNESBURG:	
Shaik Aziz	Goldev
Morna Cornell	AIDS Consortium
Colin Haskins	National Literacy Cooperation (NLC)
Dr. James Hlongwane	Qhakaza School Association
Fr. Buti Tlhagle	Educational Opportunities Council (EOC)

INTERVIEW GUIDES

INTERVIEW GUIDE FOR
USAID AND AID/WASHINGTON PERSONNEL

1. Personal Background

a. Name:_____

b. Affiliation:_____

c. Title:_____

d. Please identify the positions you held that are pertinent to our inquiry regarding the USAID program and its precursors up to 1993.

2. AID's Early Interest in South Africa

a. Describe the nature of the USAID program in South Africa prior to 1986. What were the program's purposes and who were the intended beneficiaries?

b. Describe how the development assistance program for South Africa was managed prior to 1986? Describe staffing, procedures, types of projects and funding mechanisms.

c. Prior to 1986, what were the primary achievements of US foreign assistance to South Africa?

d. What were any weaknesses in the program from your point of view?

3. Congressional Anti-Apartheid Act (CAAA)

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a. Describe the political environment in South Africa at the initiation of the CAAA in 1986. Be specific as to the effects of apartheid.

b. Describe the economic environment in South Africa in 1986. Be specific as to the effects of apartheid.

c. Describe the social environment in South Africa in 1986. Be specific as to the effects of apartheid.

d. How did South Africans perceive US foreign policy goals at the outset of the USAID program? What factors contributed to the perceptions? What experiences can you relay that characterize the perceptions?

e. What was the effect of South African attitudes concerning US foreign policy on USAID programming options?

f. How did USAID go about establishing dialogue with a broad base of the legally disadvantaged South African community? What problems were encountered in the process? What did USAID do about the problems?

4. The USAID Program

(In this section we are trying to be descriptive. We want to understand as much as possible about the nature of the USAID program and how it worked.)

a. How did CAAA affect Mission operations? What adjustments in purposes and operations were necessary?

b. Describe the NGO strategy in South Africa and describe the umbrella and retail grant-making strategies used by the Mission to work through NGOs.

c. What were the problems or costs, if any, associated with having specific Congressional guidance?

d. How did the high level of interest among Congress members and other politicians affect you and your program?

e. What were the benefits, if any, of having specific Congressional guidance?

f. Describe the USAID program strategy from 1986 on. What were its initial activities? How did the program evolve? To what changes in South Africa did the program respond?

g. Compare the USAID program to the programs of other bilateral donors with which you are familiar.

h. Compare the USAID program to the programs of any private donors with which you are familiar.

5. Assessment of the USAID Program

(In this section we want to know about how well the program worked in terms of getting resources where they were intended to go.)

a. How would you evaluate the effectiveness of the "umbrella" grant making strategy in terms of aiding NGOs to end apartheid and develop black leadership?

b. How effective was USAID in implementing and managing the "umbrella" grant approach to its program goals?

c. How would you evaluate the effectiveness of the "retail" grant-making approach in terms of aiding NGOs to end apartheid and develop black leadership?

d. How effective was USAID in implementing and managing the "retail" grant-making approach to its program goals?

e. The USAID/South Africa approach to development assistance has been said to be more flexible than other approaches. Would you agree? What have been the advantages and the disadvantages of the flexibility?

f. What other approaches to NGO support with which you are familiar has AID used? Compare those approaches to the USAID/South Africa approach. Would the other approaches have worked in South Africa? Why?

g. Under what circumstances might a combination of approaches be the best choice for a Mission?

h. Describe the USAID regulatory environment and its effect on the design and implementation of the AID program. Did that environment help or hinder an accountable and effective grant-making program?

i. Is available Handbook guidance relevant and effective in handling a program such as South Africa's? What alternatives would you recommend, if any?

j. Was the USAID program effective in meeting the objectives of the CAAA? Did resources get injected into the anti-apartheid movement; did resources get used to develop black leadership?

k. Consultation with the community was an essential mandate of the USAID program. How successful was USAID in consulting with the grassroots community?

l. How successful was USAID in establishing political credibility in the black community? What factors inhibited or promoted its effectiveness?

m. Was the USAID program sufficiently accountable?

n. What recommendations might you make in achieving the appropriate balance between flexibility in programming and accountability?

o. What were USAID's greatest strengths between 1986 and 1993? What were its programming weaknesses?

p. What were USAID's greatest successes and failures during this time?

6. Impact of the USAID Program

(In this section, we want to know what the investment in South Africa produced in terms of long- and short-term changes in South Africa.)

a. In general, did the USAID program make a difference to the political transition in South Africa? How do you know?

b. How successful was USAID in preparing black South Africans for leadership roles in the new South Africa? Cite evidence of success in this area.

c. Did the USAID program contribute to the demise of apartheid in South Africa? Give evidence of the conclusion you draw.

d. The USAID program in democratization, human rights and civil society pursued political objectives. What was the impact of these activities on political change and black political empowerment in South Africa?

e. Did USAID's efforts in political empowerment reach the grassroots? Cite successes in this area and say what criteria you are using to judge the success.

f. The USAID program in education and training pursued social objectives. What was the impact of these activities on social change and black social empowerment in South Africa?

g. Did USAID's efforts in social empowerment reach the grassroots? Cite successes in this area and say what criteria you are using to judge the success.

h. The USAID program in housing and private sector development pursued economic objectives. What was the impact of these activities on economic change and black economic empowerment in South Africa?

i. Did USAID's efforts in economic empowerment reach the grassroots? Cite successes in this area and say what criteria you are using to judge success.

j. Was USAID effective in responding to changing events in South Africa? Give evidence of the conclusions you draw.

k. Could the USAID contribution to change in South Africa have been greater? How? What might you do differently?

l. What will be the enduring effects, if any, of the USAID program in South Africa from 1986 to 1993?

7. Lessons Learned

a. What lessons do you draw from the USAID experience, 1986-1993?

b. During this time USAID operated without the blessing and support of the South Africa Government. Why was the AID presence tolerated? Was this situation unique or do you believe that the lessons of the South Africa experience are transferrable to other settings? If so, what lessons are transferable?

c. When you reflect on the potential of USAID to effect change in places such as Angola, the new independent states, Haiti, Poland or Bosnia, do you find relevance and practical experience that can be drawn from USAID's role in South Africa?

8. Other Comments

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INTERVIEW GUIDE FOR
SOUTH AFRICAN LEADERS/ADVISORS/CONSULTANTS

1. Personal Background

a. Name:_____

b. Affiliation:_____

c. Title:_____

d. Please identify the positions you held that are pertinent to our inquiry regarding the USAID program and its precursors up to 1993.

2. AID's Early Interest in South Africa

a. In what year were you first aware of the US foreign assistance program in South Africa?

b. Prior to 1986, what were the primary achievements of US foreign assistance to South Africa?

c. What were any weaknesses in the program from your point of view?

3. Congressional Anti-Apartheid Act (CAAA)

a. Describe the political environment in South Africa at the initiation of the CAAA in 1986. Be specific as to the effects of apartheid.

b. Describe the economic environment in South Africa in 1986. Be specific as to the effects of apartheid.

c. Describe the social environment in South Africa in 1986. Be specific as to the effects of apartheid.

d. How did South Africans perceive US foreign policy goals at the outset of the USAID program? What factors contributed to the perceptions? What experiences can you relay that characterize the perceptions?

e. What was the effect of South African attitudes concerning US foreign policy on USAID programming options?

f. How did USAID go about establishing dialogue with a broad base of the legally disadvantaged South African community? What problems were encountered in the process? What did USAID do about the problems?

4. The USAID Program

(In this section we are trying to be descriptive. We want to understand as much as possible about the nature of the USAID program and how it worked.)

a. How did CAAA affect the US foreign assistance program in South Africa?

b. What were the problems or costs, if any, associated with having specific Congressional guidance?

c. What were the benefits, if any, of having specific Congressional guidance?

d. Describe the USAID program strategy from 1986 on. What were its initial activities? How did the program evolve? To what changes in South Africa did the program respond?

e. Compare the USAID program to the programs of other bilateral donors with which you are familiar.

f. Compare the USAID program to the programs of any private donors with which you are familiar.

5. Assessment of the USAID Program

(In this section we want to know about how well the program worked in terms of getting resources where they were intended to go.)

a. How would you evaluate the effectiveness of the grant making strategy in terms of aiding NGOs to end apartheid and develop black leadership?

b. How effective was USAID in implementing and managing the grant approach to its program goals?

e. The USAID/South Africa approach to development assistance has been said to be more flexible than other approaches. Would you agree? What have been the advantages and the disadvantages of the flexibility?

f. Was the USAID program effective in meeting the objectives of the CAAA? Did resources get injected into the anti-apartheid movement; did resources get used to develop black leadership?

g. Consultation with the community was an essential mandate of the USAID program. How successful was USAID in consulting with the grassroots community?

h. How successful was USAID in establishing political credibility in the black community? What factors inhibited or promoted its effectiveness?

i. What were USAID's greatest strengths between 1986 and 1993? What were its programming

weaknesses?

j. What were USAID's greatest successes and failures during this time?

6. Impact of the USAID Program

(In this section, we want to know what the investment in South Africa produced in terms of long- and short-term changes in South Africa.)

a. In general, did the USAID program make a difference to the political transition in South Africa? How do you know?

b. How successful was USAID in preparing black South Africans for leadership roles in the new South Africa? Cite evidence of success in this area.

c. Did the USAID program contribute to the demise of apartheid in South Africa? Give evidence of the conclusion you draw.

d. The USAID program in democratization, human rights and civil society pursued political objectives. What was the impact of these activities on political change and black political empowerment in South Africa?

e. Did USAID's efforts in political empowerment reach the grassroots? Cite successes in this area and say what criteria you are using to judge the success.

f. The USAID program in education and training pursued social objectives. What was the impact of these activities on social change and black social empowerment in South Africa?

g. Did USAID's efforts in social empowerment reach the grassroots? Cite successes in this area and say what criteria you are using to judge the success.

h. The USAID program in housing and private sector development pursued economic objectives. What was the impact of these activities on economic change and black economic empowerment in South Africa?

i. Did USAID's efforts in economic empowerment reach the grassroots? Cite successes in this area and say what criteria you are using to judge success.

j. Was USAID effective in responding to changing events in South Africa? Give evidence of the conclusions you draw.

k. Could the USAID contribution to change in South Africa have been greater? How? What might you do differently?

1. What will be the enduring effects, if any, of the USAID program in South Africa from 1986 to 1993?

7. Lessons Learned

a. What lessons should we learn from the USAID experience, 1986-1993?

b. During this time USAID operated without the blessing and support of the South Africa Government. Why was the AID presence tolerated? Was this situation unique or do you believe that the lessons of the South Africa experience are transferrable to other settings? If so, what lessons are transferable?

c. When you reflect on the potential of foreign donors to effect change in places such as Angola, the new independent states, Haiti, Poland or Bosnia, do you find relevance and practical experience that can be drawn from USAID's role in South Africa?

8. Other Comments

INTERVIEW GUIDE FOR
THE STATE DEPARTMENT AND US EMBASSY/SOUTH AFRICA

1. Personal Background

a. Name:_____

b. Affiliation:_____

c. Title:_____(get business card)

d. Please identify the positions you held that are pertinent to our inquiry regarding the USAID program and its precursors up to 1993.

2. AID's Early Interest in South Africa

a. Describe the nature of the USAID program in South Africa prior to 1986. What were the program's purposes and who were the intended beneficiaries?

b. Describe how the development assistance program for South Africa was managed prior to 1986? Describe staffing, procedures, types of projects and funding mechanisms.

c. Prior to 1986, what were the primary achievements of US foreign assistance to South Africa?

d. What were any weaknesses in the program from your point of view?

3. Congressional Anti-Apartheid Act (CAAA)

a. Describe the political environment in South Africa at the initiation of the CAAA in 1986. Be specific as to the effects of apartheid.

b. Describe the economic environment in South Africa in 1986. Be specific as to the effects of apartheid.

c. Describe the social environment in South Africa in 1986. Be specific as to the effects of apartheid.

d. How did South Africans perceive US foreign policy goals at the outset of the USAID program? What factors contributed to the perceptions? What experiences can you relay that characterize the perceptions?

e. How did representatives of the South African Government view USAID programs?

f. What was the effect of South African attitudes concerning US foreign policy on USAID programming options?

g. How did the Embassy and its development office (along with USAID) go about establishing dialogue with a broad base of the legally disadvantaged South African community? What problems were encountered in the process? What did the US representatives in South Africa do about the problems?

4. The USAID Program

(In this section we are trying to be descriptive. We want to understand as much as possible about the nature of the USAID program and how it worked.)

a. How did CAAA affect Embassy or Mission operations? What adjustments in purposes and operations were necessary?

b. How did Congressional intervention (CAAA) impact on your activities in South Africa? What were the costs and the benefits associated with the intervention?

c. How did the ongoing high level of interest among Congress members and other politicians affect you and your work?

d. Describe the USAID program strategy from 1986 on. What were its initial activities? How did the program evolve? To what changes in South Africa did the program respond?

e. Compare the USAID program to the programs of other bilateral donors with which you are familiar.

h. Compare the USAID program to the programs of any private donors with which you are familiar.

i. Describe the working relationship between the Embassy and USAID? Did it change over the years? If so, how did it change?

5. Assessment of the USAID Program

(In this section we want to know about how well the program worked in terms of getting resources where they were intended to go.)

a. How would you evaluate the effectiveness of the USAID grant making strategy in terms of aiding NGOs to end apartheid and develop black leadership?

b. How effective was USAID in implementing and managing its NGO grant program?

c. The USAID/South Africa approach to development assistance has been said to be more flexible than other approaches. Would you agree? What have been the advantages and the disadvantages of the flexibility?

d. What other approaches to NGO support with which you are familiar has AID used? Compare those approaches to the USAID/South Africa approach. Would the other approaches have worked in South Africa? Why?

e. Was the USAID program effective in meeting the objectives of the CAAA? Did resources get injected into the anti-apartheid movement; did resources get used to develop black leadership?

f. Consultation with the community was an essential mandate of the USAID program. How successful were the Embassy and USAID in consulting with the grassroots community?

g. How successful were the Embassy and USAID in establishing political credibility in the black community? What factors inhibited or promoted its effectiveness?

h. Was the USAID program sufficiently accountable?

i. What recommendations might you make in achieving the appropriate balance between flexibility in programming and accountability?

j. What were USAID's greatest strengths between 1986 and 1993? What were its programming weaknesses?

k. What were USAID's greatest successes and failures during this time?

6. Impact of the USAID Program

(In this section, we want to know what the investment in South Africa produced in terms of long- and short-term changes in South Africa.)

a. In general, did the USAID program make a difference to the political transition in South Africa? How do you know?

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b. How successful was USAID in preparing black South Africans for leadership roles in the new South Africa? Cite evidence of success in this area.

c. Did the USAID program contribute to the demise of apartheid in South Africa? Give evidence of the conclusion you draw.

d. The USAID program in democratization, human rights and civil society pursued political objectives. What was the impact of these activities on political change and black political empowerment in South Africa?

e. Did USAID's efforts in political empowerment reach the grassroots? Cite successes in this area and say what criteria you are using to judge the success.

f. The USAID program in education and training pursued social objectives. What was the impact of these activities on social change and black social empowerment in South Africa?

g. Did USAID's efforts in social empowerment reach the grassroots? Cite successes in this area and say what criteria you are using to judge the success.

h. The USAID program in housing and private sector development pursued economic objectives. What was the impact of these activities on economic change and black economic empowerment

in South Africa?

i. Did USAID's efforts in economic empowerment reach the grassroots? Cite successes in this area and say what criteria you are using to judge success.

j. Was USAID effective in responding to changing events in South Africa? Give evidence of the conclusions you draw.

k. Could the USAID contribution to change in South Africa have been greater? How? What might you do differently?

l. What will be the enduring effects, if any, of the USAID program in South Africa from 1986 to 1993?

m. How important was the working relationship between USAID and the Embassy to achieving objectives in South Africa?

7. Lessons Learned

a. What lessons do you draw from the USAID experience, 1986-1993?

b. During this time USAID operated without the blessing and support of the South Africa

Government. Why was the AID presence tolerated? Was this situation unique or do you believe that the lessons of the South Africa experience are transferrable to other settings? If so, what lessons are transferable?

c. When you reflect on the potential of USAID to effect change in places such as Angola, the new independent states, Haiti, Poland or Bosnia, do you find relevance and practical experience that can be drawn from USAID's role in South Africa?

8. Other Comments

INTERVIEW GUIDE FOR MISSIONS OUTSIDE OF SOUTH AFRICA

Your Mission is being used for comparative purposes in a study of USAID/South Africa programming strategies developed to respond to Congressional guidance during 1986-1993. We are interesting in learning about strategies used elsewhere to accomplish similar results.

1. Mission Background

a. Name of the Mission _____

b. Interviewee Position _____

c. Assistance Level _____

d. Brief statement concerning reasons for using this Mission as a comparative study.

2. Early History of the Mission

a. How long has USAID been present in the country?

b. Prior to the program studied here, what was the general nature of the program in this Mission?

3. Congressional Guidance

a. Was the Mission in this country operating under any specific Congressional guidance that could be compared to South Africa's situation? If so, describe.

b. What were the effects of the guidance on Mission programming?

4. USAID Program (Other Mission)

a. Describe the Mission's strategies in delivering its program in the nongovernmental sector.

b. Provide detailed information on timeframes, level of investment, key players program beneficiaries.

c. Describe how the program was managed and the funding mechanisms used.

5. Assessment of the USAID Program

a. How effective was your program, described above, in meeting USAID's goals?

b. How flexible and responsive was your program? Were you able to respond quickly to new and changing demands?

c. What were the program's greatest strengths?

d. What were the program's greatest weaknesses?

6. Impact of the USAID Program

a. What social, political or economic changes are you able to document as a result of the Mission's program?

b. Will results be sustainable? Why?

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7. Lessons Learned

a. Under what conditions is a program such as the one you have described most likely to be effective? What special circumstances were facilitative? What hindered impact, if anything?

b. What changes would you make in the program if you had it to do again?

c. How, if at all, do the lessons learned in this country apply elsewhere? What lessons are transferable?

8. Other Comments

INTERVIEW GUIDE FOR DONORS

During the period immediately preceding the installation of the new government in South Africa assistance from foreign donors and private organizations varied in scope, purpose and delivery mechanisms. In an effort to understand better the performance of USAID from 1986-1993, we are taking a brief look at what other donors were doing during the same period.

1. Donor Background

a. Name _____

b. Position of Interviewee _____

c. Level of Assistance_____

2. Early History

How long and in what ways, in general, has the donor been present in development assistance to South Africa?

3. Legal Constraints on Operation

Describe the limits set (nationally or by an organization's Board) on the donor's program. (Anything like CAAA?)

4. Donor Program

Describe the donor's program. Include goals, strategies, management systems, funding mechanisms, accomplishments.

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5. Assessment of the Program

a. How do you evaluate your achievements during this period? In what ways was the program effective? In what ways was its effectiveness limited?

b. Did you coordinate your program with other donors? If yes, how and to what extent?

6. Impact of the Program

a. Do you believe that your assistance contributed to the transition in South Africa? How did it contribute? Of what achievements is your organization most proud? What distinguished your approach from other donors in South Africa ?

Are you familiar with the USAID Program in South Africa? Did it operate differently from your program? How would you compare and contrast the two programs?

7. Lessons Learned

What did you learn from the experience in South Africa? What we you do differently? How would you advise others operating in a similar situation? Is the South Africa experience transferable?

8. Other Comments

INTERVIEW GUIDE FOR
CONGRESS AND REPRESENTATIVES OF ADVOCACY ORGANIZATIONS

1. Personal Background

a. Name:_____

b. Affiliation:_____

c. Title:_____ (obtain a business card)

d. Please describe your relationship to South Africa. Describe your interest in the issues in South Africa during the 80s and 90s. Describe official roles or responsibilities you undertook on behalf of your organization (Congress or Advocacy Group) to address issues in South Africa.

2. Early Interest in South Africa

a. When did your organization begin to take an interest in South Africa? Why?

b. Were there particular events occurring in South Africa that triggered your institution's interest? Describe.

c. What events occurring in the United States were responsible for your organization's interest in South Africa?

3. Congressional Anti-Apartheid Act (CAAA)

a. What events led up to the CAAA? How was support for CAAA achieved?

b. What issues were key in the debate on CAAA?

c. What constituencies were important to passage of the CAAA?

d. What policy changes with respect to South Africa were represented by the CAAA?

e. How was the CAAA expected to affect foreign assistance programming in South Africa? Were you concerned about any downsides? What were considered to be the advantages of specific Congressional guidance in the matter of South Africa?

f. Did it work? Did your institution see the results that it intended to produce with CAAA? Are you aware of particular successes that you can name?

4. The USAID Program

a. Do you believe that the USAID program benefitted from the guidance of the CAAA? If yes, how?

b. Are you aware of any problems in the USAID program that you would attribute to the CAAA? If yes, please describe the problems.

5. Assessment of the USAID Program

a. Did the USAID program as far as you know carry out the intent of the Congress?

b. Did the Agency in your opinion have the capacity to implement the program effectively?

6. Impact of the USAID Program

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a. Did CAAA work? Did it bring about change in South Africa? How do you know?

b. In retrospect, would you have made any changes in the CAAA so as to produce different results "on the ground"? If so, what changes would you have made?

7. Lessons Learned

a. What do you believe were the lessons learned from the CAAA?

b. Is this type of policy guidance likely to be useful to or effective in other settings. If yes, how might the learning transfer to other settings?

8. Other Comments

CASE STUDY OUTLINE

[A text box at the beginning of the case will contain this information: name of the NGO, date founded, location, purpose, target population served by the NGO, average annual budget in R]

I. Description of the Setting

Summarize the context in which this NGO operates. Describe the size and demographics of the community it serves. Give descriptive and statistical information that defines the problem that the NGO addresses. 1/2 to 3/4 page.

II. Description of the Grantee

Provide a brief history of the NGO. Describe its program of services and political affiliations. Define the management structure; name the Board and officers and director. Show financial evolution including level and source of funding. Describe the target population. 3/4 to 1 page.

Prepare a chronology of the organization from the point of receipt of the grant. Data should be suitable for presentation in a table as follows: 1/2 page

XYZ NGO	1986	1987	1988	1989
USAID funding				
Total budget				
Number of staff				
Number of beneficiaries				

III. The Effect of the CAAA on this Grantee

State how the CAAA affected the focus and limits of the relationship between this grantee and USAID. 1/4 to 1/2 page.

IV. Effectiveness of the Grantee

Describe the capacity that was added to the NGO with USAID assistance including staff, equipment, training, services, travel, etc. Consider all benefits including grant funds, conferences attended, scholarships received, or other support. Identify the results achieved that can be associated with the USAID support. Review evaluation data or other reports to obtain statistical or anecdotal performance information. Obtain at least one

photograph that can be captioned to show the primary contribution that USAID made to South Africa through this NGO. Write a caption for the photo(s). 1 to 1 1/2 page.

V. Evidence of Impact

What difference did this NGO make in South Africa's transition to democracy. Describe the social, political or economic impacts that can be attributed to the NGO. Interview some beneficiaries if possible and get first-hand reactions to the NGO's importance in the community. Obtain "peer" reviews from other NGOs that might verify the role that this NGO has played. If possible, say how AID's contribution to the NGO affected its capacity to impact change. 1 to 1 1/2 page.

VI. Lessons Learned

What are the important lessons from the experience of USAID in funding this NGO? 1/2 page

VII. The Future

Describe how the NGO is making the post-election transition. Examine funds committed and explore the purpose, vision and strategic plan of the organization. What is the future like? Is the organization sustainable? Does it still have a role to play? 1/2 to 3/4 page.

Each case should be accompanied by the following documents as attachments:

1. USAID Grant Agreement
2. NGO Charter, Articles of Incorp, or related document, bylaws
3. Brochure or annual report
4. Board of directors
5. Staff directory
6. Strategic plan
7. Budget
8. Photograph(s)
9. Evaluation and audit reports
10. Annual reports to USAID or other donors.

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INFORMATION TO BE OBTAINED PRIMARILY THROUGH DOCUMENTS

1. General Background

a. Provide basic history on South Africa. Population, political evolution from 1954 approx, the nature of US-South African relations in general from 1954.

b. Develop a chronology of events pertinent to the US-South Africa relationship starting from 1982 approx.

2. Early History

a. When did the US begin to play a role in development in South Africa? Why? Examine early planning and guidance documents primarily from the State Department.

b. How do the general American press or professional publications treat South Africa in the early eighties?

c. Describe development assistance that was provided to South Africa prior to 1986. Develop a chart or table that shows what objectives were sought and the level of investment.

3. Congressional Anti-Apartheid Act (CAAA)

a. Provide a copy of the CAAA and related documents. Summarize the CAAA.

b. Summarize press coverage of the CAAA as it was being developed.

c. Provide written guidance that went to the Mission (Development Office) upon passage of the CAAA?

4. The USAID Program

a. Provide planning documents for the USAID program from 1986-1993. Obtain documents that verify strategy, approach, funding.

b. List all grantees and grants made during the period 1986-1993.

c. Obtain documents that describe each of the three program areas in some detail: democratization, human rights and civil society; education and training; and housing and private sector development.

d. Obtain Mission organization charts or phone directories for each of the years of interest.

e. Obtain documentation on the foreign assistance programs of five bilateral donors and three private donors for comparison with USAID programming.

f. Obtain documentation on the programming strategies of five selected USAID Missions that can be contrasted with USAID/South Africa.

5. Assessment of the USAID Program

a. Obtain evaluations, audits and other assessment materials produced by or for the Mission from 1986-1993.

b. Obtain audit information for those years.

6. Impact of the USAID Program

a. Obtain any impact evaluations performed on programs implemented after 1986.

b. Obtain any documents from the extra-parlimentary government that reflects contributions from USAID in the areas of policy or planning for post-apartheid.

7. Lessons Learned

a. Undoubtedly, some participants in the USAID program have reflected on the experience in writing. Locate any documents that offer insights on lessons from South Africa, 1986-1993.

APPENDIX B

SURVEY RESULTS AND INSTRUMENT

SURVEY RESULTS

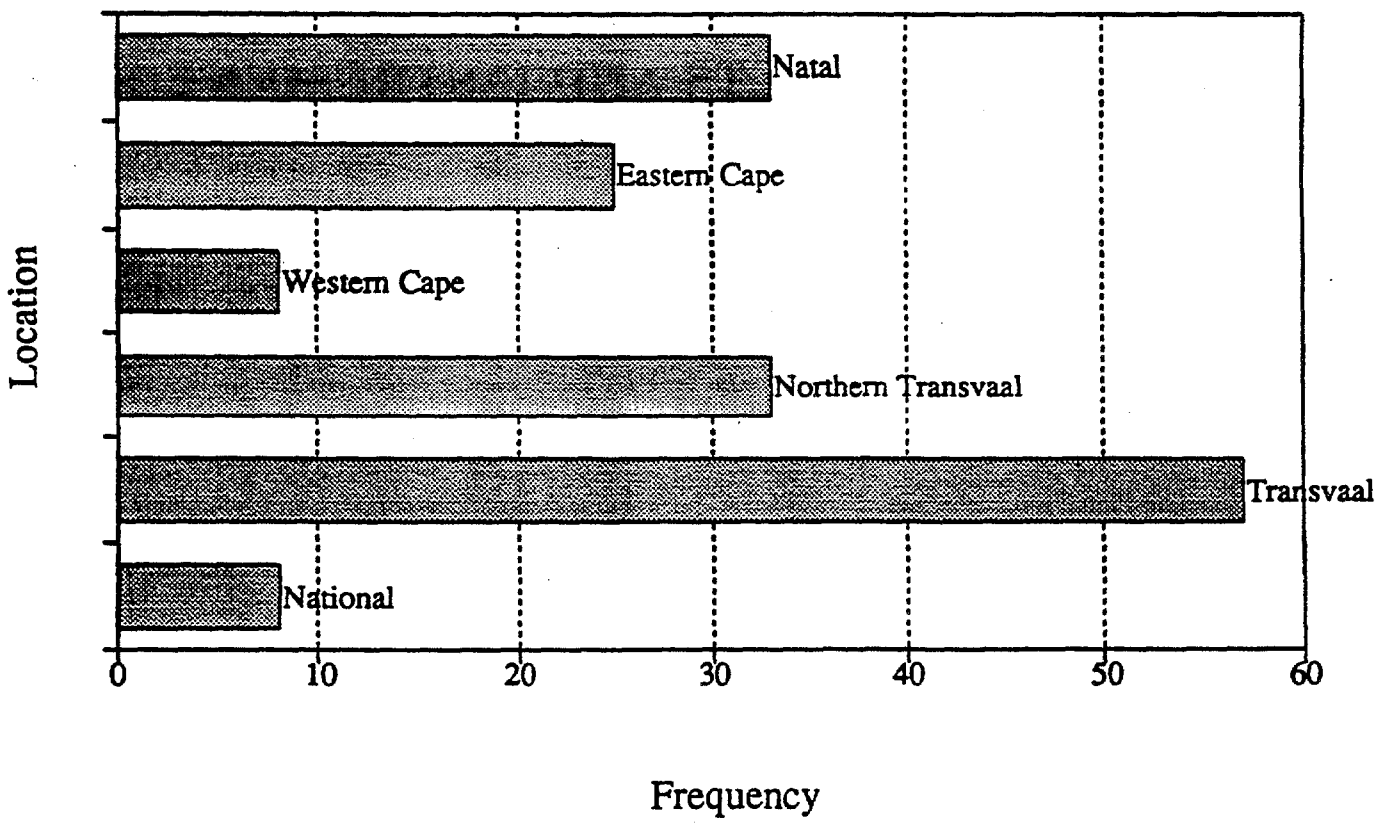
Introduction

A grantee and contractor list of 524 names was made available by USAID and other sources. Questionnaires were mailed to all 524 recipients in August 1994. At the end of September 1994, a total of 164 usable questionnaires were returned from recipients throughout South Africa. It is noted that a total of 23 former recipients responded to the mailed questionnaires. This report addresses the questionnaire sequentially by question.

Question 1. NGO Background Information - b. Location

Figure 1 provides information on the location of the NGOs: 8 of the 164 NGO who responded operated at a national level. The majority (57) of the NGOs are located in the Transvaal and 33 in the Northern Transvaal. The Transvaal was followed by the Cape, 8 of the NGOs who responded were located in the Western Cape and 25 in the Eastern Cape. A total of 33 NGOs responded from Natal.

Figure 1
Location of NGOs in Survey



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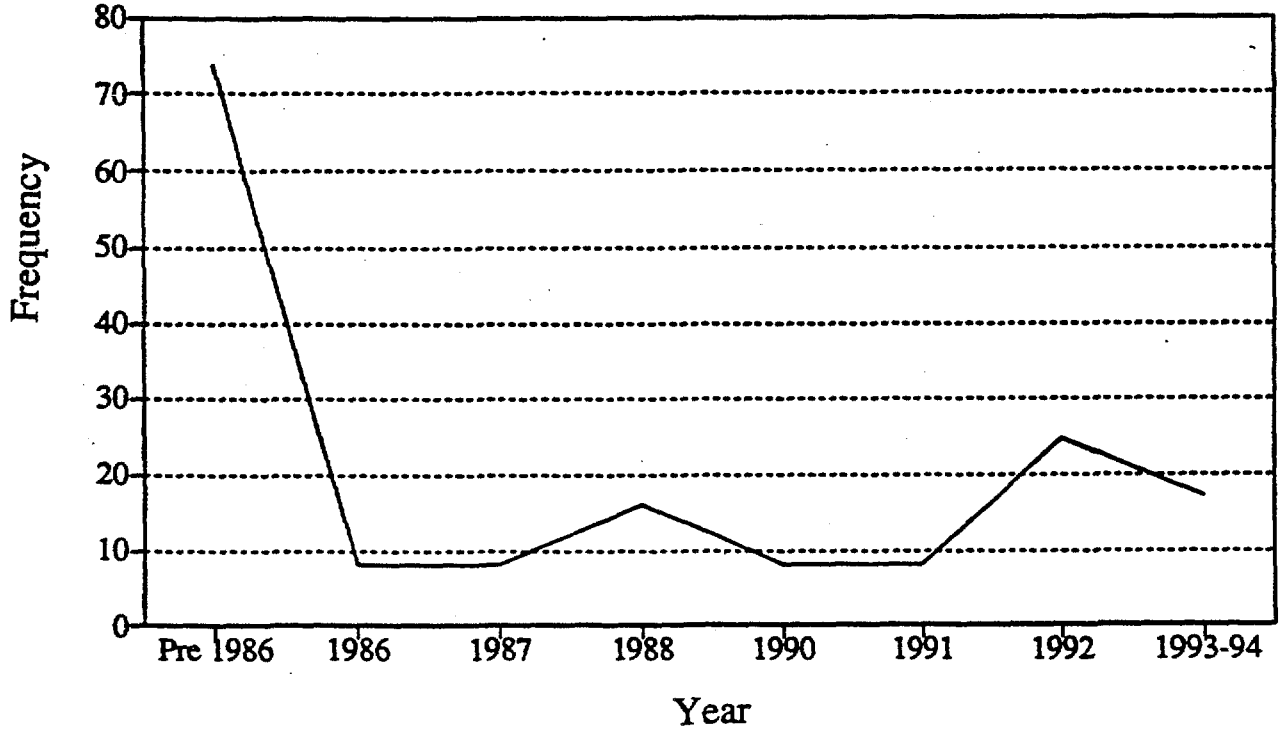
Question 1c.: Year NGO Began Operating

Figure 2 below shows the start of operations year for responding NGOs. The majority (74) of the NGOs who responded began operating prior to 1986. Almost all the NGOs have been operating for a number of years: 8 began operations in 1986; 8 in 1987; 16 in 1988; 8 in 1990; 8 in 1991; and 25 in 1992. Seventeen began operating between 1993 or 1994. It would appear that many of the NGOs were established before NGOs became a "popular" way for projects to form themselves and that they responded to the periods of extreme need in the country.

Figure 2
Year NGO began Operating



Question 1d. Purpose of the NGO

Table 1 provides information on the purpose(s) of the NGOs. Since many NGOs have more than one purpose, they were requested to check as many as applied to them. The majority (120) of the NGOs responded that they served more than one purpose and 44 served only one purpose. The majority of the NGOs (74/each) concerned themselves with training and education. A large number of the NGOs are concerned with human rights (66) and democratic development (49). It is noted that only 33 are involved with housing and business/private sector development accounts for only 18. Twenty-five were concerned with Civic Affairs and 19 were concerned with purposes other than those listed in the questionnaire, such as, Disaster Relief and Prevention, Mediation and Conflict Resolution, or Promotion of Puppetry Arts.

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Table 1
Purpose of NGOs

Multipurpose	120
One Purpose	44
Democratic Development	49
Human Rights	66
Civic Affairs	25
Education	74
Training	74
Housing	33
Business/Private Sector Development	18
Other	19

Question 1e. Role in the NGO

Table 2 identifies the role of the respondent who completed the questionnaire in the NGO. Fifty-four of the respondents indicated that they had more than one role in the NGO and 110 responded that they had only one role. The majority of the respondents were senior members: 51 were members of the Board of Directors; 7 were Member of an Advisory Group or Committee; 118 were Executive or Members of Senior management; 42 of the respondents were employees; and 10 were volunteers. Respondents indicated that they also played a number of other roles such as Founder of the organization or consultants.

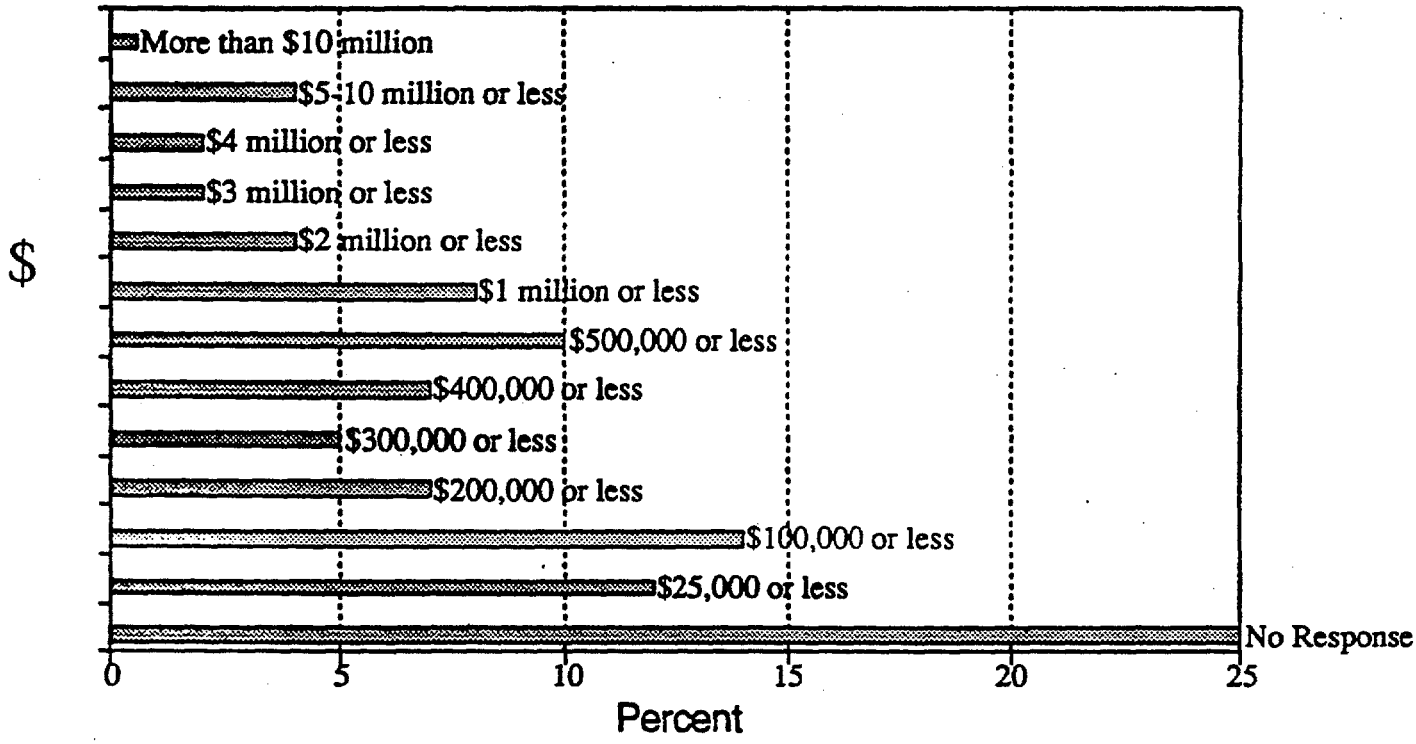
Table 2
Role of Respondent in the NGO

Role	# of Responses
More than one role	54
One Role	110
Member Board of Directors	51
Member of Advisory Group or Committee	7
Executive Member	118
Employee	42
Volunteer	10

Question 1f. Average Annual Budget of the NGO 1986-1993

Figure 3 provides information on the average annual budget of the NGOs during the period 1986 to 1993. Forty-one (25.0 percent) of the NGOs did not respond to the question. A wide range of responses were provided with 19 (12 percent) with an annual budget of $25,000 or less and 6 (4 percent) with an annual budget of $5 to $10 million or less. Only 1 (0.6 percent) responded having an annual budget of more than $10 million.

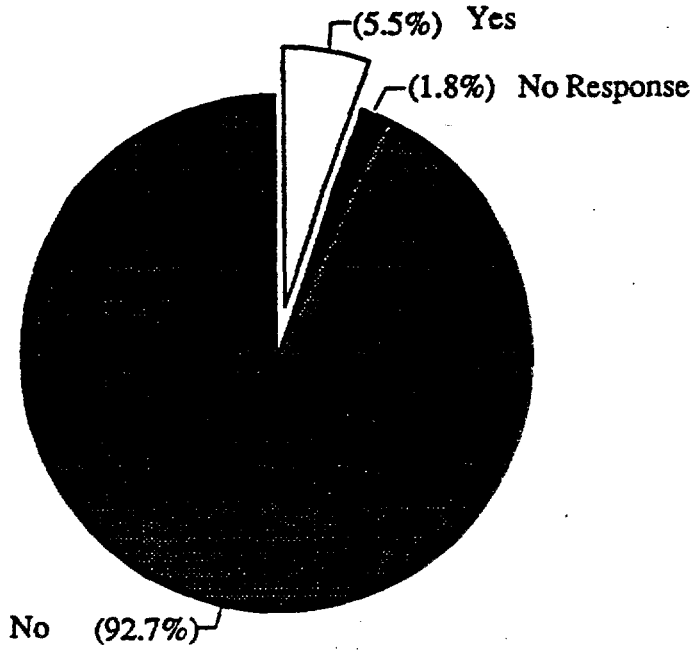
Figure 3
Average Annual Budget of Sample



Question 1g. Aligned with a Political Organization

Figure 4 provides responses to whether or not the NGO was aligned with a political organization. Only 9 (5.5 percent) responded that their organizations were aligned with a political organization. The majority of respondents, 152 (92.7 percent) indicated that their organization were not politically aligned. For those who responded with YES, only 6 stated the political organization they aligned with as ANC or Mass Democratic Movement (MDM). Others did not list the political organization they were aligned with. Three (1.8 percent) did not respond to the question.

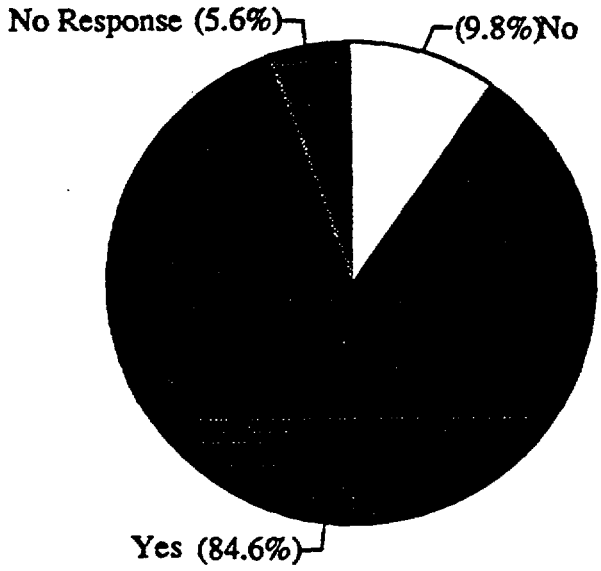
Figure 4
NGO Alignment with Political Organization



Question 1h. Organization Empowers Black Women

Figure 5 indicates the position of the NGOs to the empowerment of black women. The majority, 139 (84.6 percent) responded that their organizations support of the empowerment of black women, 16 (9.8 percent) do not and 9 (5.6 percent) did not respond.

Figure 5
Empowerment of Women Policies



Question 2. U.S. Foreign Policy - the NGO Perspective

Figure 6 provides information on NGOs responses to U.S. Assistance.

2a. According to the responses, 154 (93.9 percent) of the NGOs welcomed U.S. assistance, 2 (1.8 percent) responded NO and 8 (4.3 percent) did not respond to the question.

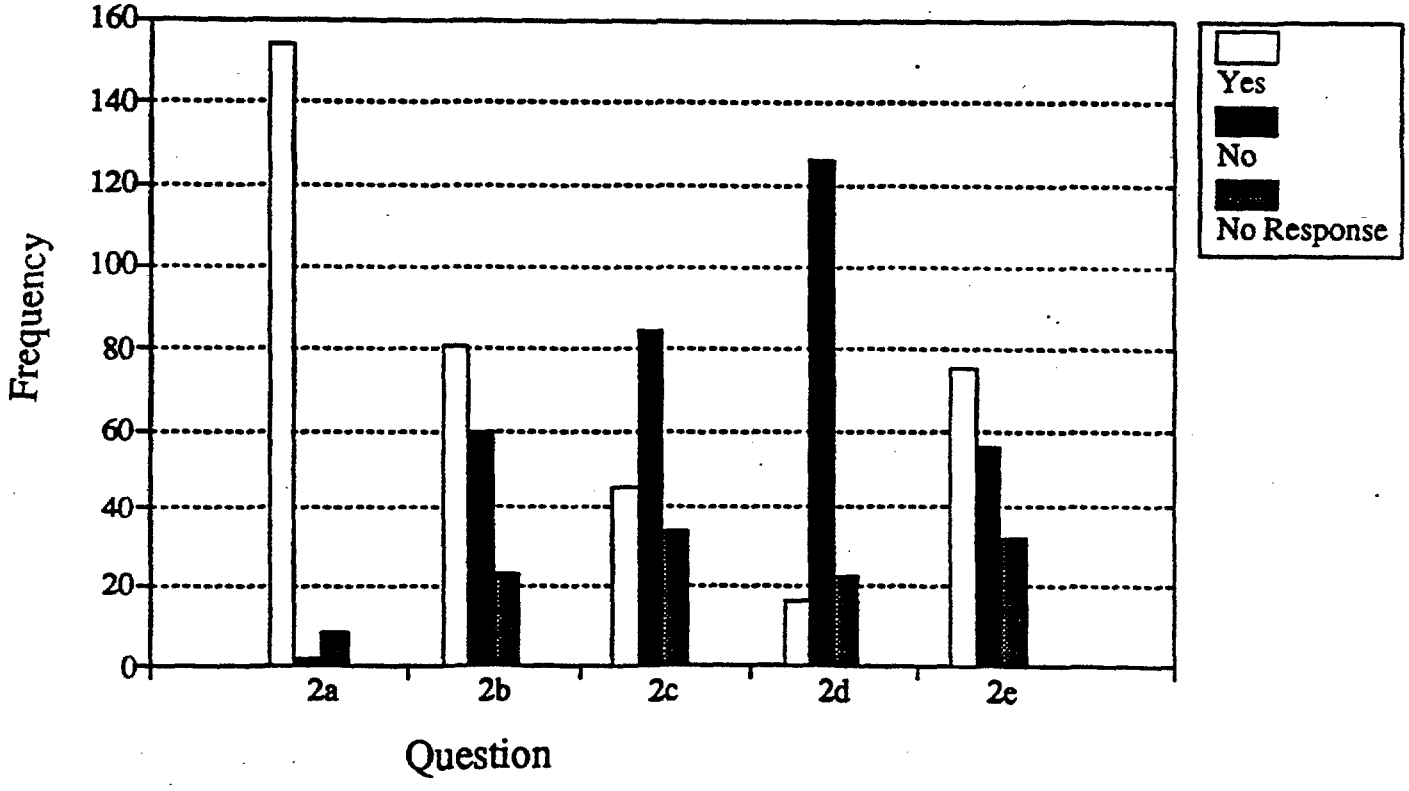
2b. Although the majority 81 (49.8 percent) indicated that U.S. policy towards South Africa did not make it difficult to accept U.S. support, 60 (36.4 percent) indicated "Yes" and a fair number, 23 (13.8 percent) did not respond to the question.

2c. 45 (27.4 percent) responded that at one point in time, U.S. policy in other parts of the world made it difficult for NGOs to accept funding. Eighty-five (51.8 percent) responded "No" and 34 (20.8 percent) did not respond to the question.

2d. According to Figure 6 only a very small number 16 (9.8 percent) declined U.S. funding. The majority, 126 (76.7 percent) responded "No" and 22 (13.5 percent) did not respond to the question. It would appear that no matter how difficult it was to accept U.S. funding due to American foreign policy, the majority of NGOs nevertheless accepted funding because of the need.

2e. Although 76 (46.3 percent) indicated that the purpose of the NGO was more important than the source of funds, one needs to note that 56 (34.2 percent) responded "No" and 32 (19.5 percent) did not respond to the question.

Figure 6
U.S. Foreign Policy - NGO Perspective



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Question 3. USAID Assistance to the NGO

Question 3b: Percent of NGO Budget USAID Assistance Represents

Table 4 indicates the percent of the NGO budget USAID funding represents or represented. For 52 (31.7 percent) of the NGOs, USAID funding represented 0 to 20 percent of the budget, 32, (19.5 percent) of the NGOs, USAID funding represented 21 to 40 percent of their budget etc. 14 (8.5 percent) of the NGOs did not respond to the question. It is possible that these are part of the 23 former grantees.

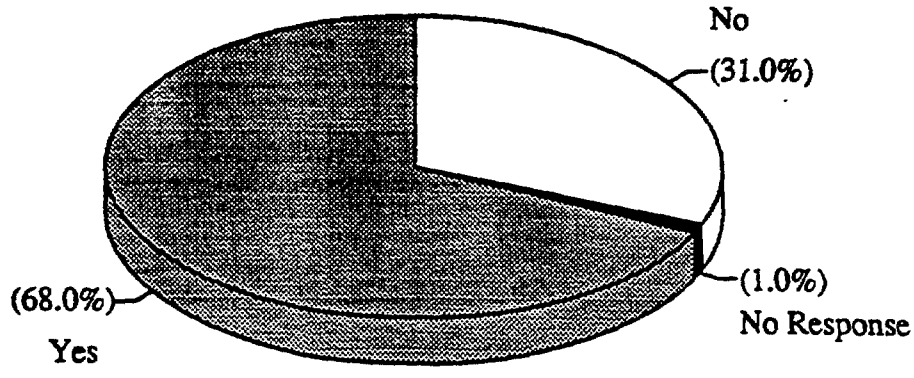
Table 4
Percent of NGO Budget that USAID Assistance Represents

PERCENT OF NGO BUDGET	RESPONSES	% OF SAMPLE
0-20%	52	31.7
21-40%	32	19.5
41-60%	27	16.5
61-80%	21	12.8
81-100%	18	11.0
No Response	14	8.5

Question 3c.: Assistance from Other Countries during Time of U.S. Assistance

Figure 7 provides information about concurrent funding from the U.S. and other countries. The majority of the NGOs, 111 (68 percent) received funding from other countries during the time they received USAID funding. 51 (31 percent) received only USAID funding and 2 (1 percent) did not respond to the question.

Figure 7
Concurrent U.S./Other Country Funding



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Question 3d.: Primary and Secondary Purpose of Funds Received from USAID

Table 5 presents information on the primary and secondary purpose of funds received from USAID. The primary purpose of which USAID funding is responded to be used for are community programs and services, followed by administration and operation of the NGO and thereafter for advocacy of policy development. USAID funding secondary purpose are directed at administration and operation. Except for 1, more responded that USAID funds were not used for political purposes.

Table 5
Primary and Secondary Purpose of Funds Received from USAID

	PURPOSE	NUMBER
PRIMARY USE	Administration and Operation	29
	Advocacy or Policy Development	10
	Community Program and Services	110
	Political Action	---
SECONDARY USE	Administration and Operation	65
	Advocacy or Policy Development	1
	Community Program and Services	17
	Political Action	1

Question 4. Assessment of the USAID Program

a. From the above table the majority either strongly agreed 25.6 percent or agreed 42.7 percent that USAID assistance was effective in helping to end apartheid.

b. An even greater number 28.0 strongly agreed and 43.3 percent agreed that assistance from USAID was effectively used in developing black leadership.

c. Respondents were uncertain 42.7 percent as to whether or not USAID had achieved political credibility in the black community. However, only 4.9 percent disagreed and 3.7 percent did not respond to the question.

d. Respondents were also uncertain 39.0 percent on whether USAID had consulted with a broad and representative range of black community members. However, the majority of respondents agreed (14.6 percent strongly agreed and 31.7 agreed) that members were consulted.

e. There was less consensus about USAID management and administrative systems being flexible. A wide range of responses were given.

f. A wide range of opinions, however, 42.7 percent did agree that USAID management and administrative systems were reasonable.

g. There was wide agreement 62.8 percent and strong agreement 16.5 percent that USAID's reporting requirements were reasonable.

h. Although there was strong agreement 18.9 percent and agreement 49.4 percent that the USAID program was effective in responding to the changing political situation in South Africa, there was some uncertainty--23.2 percent.

i. There was a range of opinions as to whether or not USAID was fair and even-handed in awarding is grants to a broad range of organizations.

j. Although there was strong agreement 22.1 percent and agreement 35.4 that USAID's grantee included a sufficient number of indigenous, disadvantaged organizations there was uncertainty 35.9 percent about this.

k. Although USAID was preferred to other donors by the majority, 20.7 percent were uncertain, 15.8 percent disagreed, 6.1 percent strongly disagreed and 6.7 percent did not respond to the question.

l. There was generally strong agreement 22.6 percent and agreement 45.1 percent that USAID provided adequate technical assistance and support with some uncertainty 7.3 percent and disagreement 15.2 percent.

m. Although the majority of NGOs became increasingly supportive of the USAID program, 20.7 percent were uncertain, 9.7 disagreed, and 8.5 did not respond.

Table 6
Assessment of the USAID Program

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	No Response
a	42	70	34	10	1	7
	25.6%	42.7%	20.7%	6.1%	0.6%	4.3%
b	46	71	32	9	1	5
	28.0%	43.3%	19.5%	5.5%	0.6%	3.0%
c	28	52	70	8	0	6
	17.1%	31.7%	42.7%	4.9%	0%	3.7%
d	24	52	64	14	2	8
	14.6%	31.7%	39.0%	8.5%	1.2%	4.9%
e	21	54	22	39	22	6
	12.8%	32.9%	13.4%	23.8%	13.4%	3.7%
f	28	70	20	28	13	5
	17.1%	42.7%	12.1%	17.1%	7.9%	3.0%

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	No Response
g	27	103	10	13	8	3
	16.5%	62.8%	6.1%	7.9%	4.9%	1.8%
h	31	81	38	4	2	8
	18.9%	49.4%	23.2%	2.4%	1.2%	4.9%
i	26	61	58	8	5	6
	15.9%	37.2%	35.4%	4.9%	3.0%	3.6%
j	36	58	59	2	3	5
	22.1%	35.4%	35.9%	1.2%	1.8%	3.6%
k	29	54	34	26	10	11
	17.7%	32.9%	20.7%	15.8%	6.1%	6.7%
l	37	74	12	25	8	8
	22.6%	45.1%	7.3%	15.2%	4.9%	4.9%
m	29	69	34	16	2	14
	17.7%	42.1%	20.7%	9.7%	1.2%	8.5%

Question 5. Impact of the USAID Program

Table 7 indicates how various representatives from NGOs rated the impact of the USAID program.

It is noted that the figures in the Table 7 support those in Table 6 to a large extent. The responses given strongly agreed or agreed that USAID funding helped to end apartheid, develop black leadership and contributed to black political and social empowerment. However, there was some degree of uncertainty especially with regard to whether or not USAID contributed to black economic empowerment, 53.0 percent were uncertain (line e). There was also a fair degree of uncertainty, 34.7 percent (line h), on whether or not the USAID program in South Africa was strongly influenced by U.S. domestic policy.

Tables 6 and 7 show that respondents were disinclined to disagreed or strongly disagree. Responses indicating disagreement ranged from 1.8 percent to 3 percent only. Those strongly disagreeing had even fewer responses, ranging from 0 percent to 0.6 percent. The "No" response answers ranged from 1.8 percent to 6.1 percent.

Table 7
Impact of the USAID Program

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	No Response
a	44	77	31	5	0	7
	26.8%	46.9%	18.9%	3.0%	0.%	4.3%
b	42	85	28	3	0	6
	25.6%	51.8%	17.0%	1.8%	0.%	3.6%
c	50	73	35	3	0	3
	30.4%	44.5%	21.3%	1.8%	0%	1.8%
d	56	76	25	3	0	4
	34.1%	46.3%	15.2%	1.8%	0%	2.4%
e	14	49	87	4	1	9
	8.5%	29.8%	53.0%	2.4%	0.6%	6.1%
f	37	70	48	5	0	4
	22.5%	42.6%	29.2%	3.0%	0%	2.4%
g	36	77	39	2	1	9
	21.9%	46.9%	23.7%	1.2%	0.6%	6.1%
h	35	58	57	5	0	9
	21.3%	35.3%	34.7%	3.0%	0%	6.1

a. As shown in the above table, 26.8 percent of the respondents strongly agreed and 46.9 percent agreed that USAID's support was important in helping South Africa end apartheid. Nineteen percent of the respondents were uncertain and only 3 percent disagreed.

b. There was a strong consensus among respondents that USAID's support was significant in developing black leadership with over three-fourths in agreement.

c. Although 30.4 percent strongly agreed and 44.5 percent agreed that USAID contributed to black political empowerment, 21.3 percent of the respondents were uncertain.

d. There was overwhelming agreement, 34.1 percent strongly agreed and 46.3 percent agreed that USAID had contributed to black social empowerment, few respondents 15.2 were uncertain and only 1.8 percent disagreed.

e. There was less consensus about USAID's contribution to black economic empowerment with 53 percent of respondents uncertain.

f. There was generally strong agreement 22.5 percent and agreement 42.6 percent that USAID support reached grassroots levels of the community.

g. It was also strongly agreed 21.9 percent and agreed 46.9 percent that the USAID program strengthened relations between the two countries with only 1.2 percent disagreement.

h. Respondents were uncertain 34.7 percent as to whether the USAID program in South Africa had been strongly influenced by U.S. domestic policy. However, 21.3 percent strongly agreed and 35.3 percent agreed that it had, with only 3 percent disagreeing.

SURVEY INSTRUMENT

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REVIEW OF USAID ASSISTANCE 1986 TO 1993
A SURVEY

As you may know, the United States Agency for International Development (USAID) has been operating in South Africa since 1982. The USAID program form 1986 to 1993 has focused mainly on funding to nongovernmental organizations. This survey is about the USAID program.

The Survey is part of an evaluation of the USAID program and we encourage and invite your candid responses to our questions. You need not identify yourself. We will not retain a record of individuals receiving this questionnaire.

The questions are answered on the questionnaire by means of a cross over the figure in the block which corresponds to the answers given by the respondent.

We also invite you to add additional remarks of your own at the end of the form or to contact a researcher with whom you may speak directly about the USAID program. The telephone number in Johannesburg is 487-1964. You may return this questionnaire by fax to (011) 487-1964 or in the self-addressed envelope.

We thank you for your assistance.

****

According to our records, you were associated with one or more NGO's that received USAID assistance during 1986 to 1993.

1. NGO Background Information
Please answer these questions. Simply skip any questions to which you do not know the answer.

a. Name of the NGO _____

b. Location

NATAL	1	WESTERN CAPE	5
TRANSVAAL	2	EASTERN CAPE	6
NORTHERN TRANSVAAL	3	OTHER (Specify).....	7
OPS/NORTHERN CAPE	4		

c. Year the NGO began operating

Prior to 1986 (Specify).....	1	1990	6
1986	2	1991	7
1987	3	1992	8
1988	4	1993	9

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1989	5

d. Purpose of the NGO (check all that apply)

democratic development	1	training	5
human rights	2	housing	6
civic affairs	3	business/private sector development	7
education	4	Other	8

Please list other purposes important to your NGO _____

_____

e. Your role in the NGO (check all that apply)

Member of the Board of Directors	1	Employee	4
Member of an advisory group or committee	2	Volunteer	5
Executive or member of senior management	3	Other (Specify)	6

f. Average budget of the NGO during 1986-1993 _____

g. Was your organization aligned with a political organization?

YES [1] NO [2]

If yes, what was the NGO's political affiliation?

h. Does your organization empower black women?

YES [1] NO [2]

If yes, in what ways does your organization empower black women?

_____

2. U.S. Foreign Policy - the NGO Perspective

a. The NGO welcomed US assistance.

YES [1] NO [2]

b. At one point in time, US policy towards South Africa made it difficult for the NGO to accept US support.

YES [1] NO [2]

Please give reasons for your answers. _____

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c. At one point in time, US policy in other parts of the world made it difficult for the NGO to accept US support.

YES [1] NO [2]

Please give reasons for your answers. _____

d. The NGO declined US support at least on one occasion due to American foreign policy positions.

YES [1] NO [2]

e. Our purpose as an organization was always more important than the source of funds. We did not question the donors' organization.

YES [1] NO [2]

3. USAID Assistance to the NGO

a. During what years did the NGO receive USAID assistance?

_____

b. During what years of the NGO budget does USAID assistance represent?

0-20%	1	61-80%	4
21-40$	2	81-100%	5
41-60%	3		

c. Did the NGO receive assistance from other countries during the time it received US assistance?

YES [1] NO [2]

d. USAID assistance was used primarily for these purposes (Place a #1 by the main purpose of the funds; place a #2 by the next most important use of the funds; add items if needed.)

Administration and operation of the NGO	1	Programs and services for the community	3
Advocacy or policy development	2	Political action	4

Other specify _____ 5

4. Assessment of the USAID Program

a. USAID assistance was aimed effectively at putting an end to apartheid.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

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b. The assistance of USAID was aimed effectively at developing black leadership.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongl Disagree

c. USAID achieved political credibility in the black community.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

d. USAID consulted effectively with a broad and representative range of the black community.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

e. USAID's management and administrative systems were flexible.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

f. USAID's management and administrative systems were reasonable and workable.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

g. USAID's reporting requirements were reasonable.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

h. The USAID program was effective in responding to the changing political situation in South Africa.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

i. USAID was fair and even-handed in awarding its grants to a broad range or organizations.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

j. USAID's grantees included a sufficient number of indigenous, disadvantaged organizations.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

k. When compared to the approaches of other donors, I prefer the approach of USAID.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

l. As a USAID grantee, we received adequate technical assistance and support from USAID.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

m. Our NGO became increasingly supportive of the USAID program between 1986 and 1993.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

5. Rate the impact of the USAID Program

a. The support of USAID to NGO's such as the one named here, was important in helping South Africans end apartheid.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

b. The support of USAID was important in developing black leadership in South Africa.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

c. USAID made a considerable contribution to black **political** empowerment through programs such as human rights and legal aid, civic assistance, and community and democratic development.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

d. USAID made a considerable contribution to black **social** empowerment through programs aimed at education and training.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

e. USAID made considerable contributions to black **economic** empowerment through programs in areas such as housing and business development.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

f. USAID support reached the grassroots levels of the community.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

g. The USAID program in South Africa strengthened relations between our two countries.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

h. The USAID program in South Africa has been strongly influenced by U.S. domestic policy.

1	Strongly Agree	2	Agree	3	Uncertain	4	Disagree	5	Strongly Disagree

6. Other Comments:

Please offer any other comments on the USAID program in South Africa.

_____

_____

_____

_____

_____

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APPENDIX C

CASE STUDIES

AFRICAN AMERICAN LABOR CENTER

Date Founded:	1964
Location:	Washington, D.C.
Purpose:	To strengthen African trade unions so that they can better serve their members and participate in the development of their countries. To provide direct assistance to African trade unions in leadership training, workers' education, vocational training, cooperatives and credit unions, health, trade union research, communication, and other areas related to the welfare of the workers. To promote solidarity between African and American trade union workers
Target Population:	African union leadership and membership
Average Annual Budget:	Data not available

I. BACKGROUND

In 1988, the black labor movement in South Africa had two million members and represented the largest and most direct method of outreach to and structure for blacks active in the developed economy. Black trade unions were among the strongest black organizations in the 1980s in terms of leadership, administrative capacity, and financial standing. During this period the labor movement became a progressively more important element of the liberation struggle.

From the start, the activity of the African American Labor Center (AALC) in South Africa has been strongly affected by the evolving dynamics of cold war politics and the attitudes of black South African activists toward U.S. foreign policy, as well as by the politics of the competing South African trade union factions. In describing the AALC's work with the South African labor movement as it evolved since 1983, it is therefore necessary to present a brief overview of the recent development of that movement and a description of relevant organizations.

In the early 1970s, with the South African Congress of Trade Unions (SACTU) in exile as part of the African National Congress (ANC) alliance, the internal labor movement exploded with a series of wildcat strikes centered in the Natal region. Union activity increased throughout the 1970s, and both the Federation of South African Trade Unions (FOSATU) and the rival Council of Unions of South Africa (CUSA) were formed during this period. By the end of the decade,

the South African government adopted new legislation to accommodate the participation of black unions in the government's industrial relations structures.

As the labor movement gained in strength during the 1980s, it split into two competing organizational structures, each aligned to a particular political organization or liberation movement. By far the largest and most powerful labor confederation, the Congress of South African Trade Unions (COSATU), was organized in 1985 from the FOSATU and other ANC-aligned unions and was a part of the United Democratic Front (UDF). The second labor group, the National Council of Trade Unions (NACTU), was created the following year by incorporating CUSA and other unions aligned with the Pan African Congress (PAC), the Azanian People's Organization (AZAPO), and other groups that generally adhered to the tenets of the Black Consciousness movement.

Although both FOSATU and CUSA had earlier sought assistance from the western-led International Confederation of Free Trade Unions (ICFTU), headquartered in Brussels, once COSATU was formed, it rejected assistance from the ICFTU and other "nonprogressive" groups, explicitly naming the AFL-CIO. Coming from a different organizational and political base, NACTU did not refuse assistance from the ICFTU and the AFL-CIO. These divergent policy decisions of the two major black South African labor groups significantly affected USAID and AALC activities in South Africa, posing a series of dilemmas.

The unions faced many constraints during their development. Unemployment was high and on the rise in the 1980s, which led to limited bargaining power and pressure from the increasingly vocal unemployed population. As one of the only avenues for the expression of political ideas, the unions became extremely politicized, and divisions between ANC/UDF, Inkatha, and AZAPO/PAC were reflected in disunity and conflict in the movement. As a major force in opposition to the apartheid government, the black labor movement, already contending with problems of a continual scarcity of skilled leadership and of financial resources, also had to withstand severe government repression.

The U.S. government's policy regarding labor in South Africa derives from a commitment to free trade unions as an essential element of a democratic and open society. In South Africa, where political and economic empowerment are so closely linked, unions had become one of the most powerful and effective anti-apartheid forces. In addition, the industrial relations arena was one of the few institutionalized forums in which blacks and whites negotiated on a more or less equal footing, and thousands of union leaders gained skills in organization, management, analysis, and negotiation. A strong, independent union movement was perceived by the United States as critical to the formation of a sustainable pluralistic society. USAID/SA's objectives in this area were aligned with this policy direction: to help strengthen the black labor movement as an economic and political force in opposition to apartheid; to build relations between the United States and black South African labor structures; and to encourage the South African labor movement's political independence, commitment to a free market economy, and to a pluralistic democratic post-apartheid society.

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U.S. assistance to the union movement faced many constraints as well. The general association between capitalism and apartheid and the identification of the United States and the AFL-CIO with support of procapitalist unionism led to suspicion of U.S. motives. Influential leftists in the labor movement were critical of the U.S. government and AFL-CIO anticommunism. In addition, it was difficult to demonstrate political balance in providing assistance because the Black Consciousness unions, as affiliates of ICFTU, accepted U.S. assistance while the far larger ANC/UDF allied federation, COSATU, would not. Organizations and individuals providing support to the union movement were similarly suspicious of U.S. motives and wary of association with U.S. support, fearing it would affect their credibility with COSATU. Moreover, the South African government took a hostile stance toward the AALC and prevented it from establishing a presence in the country; visas were frequently denied to AALC personnel, and passports denied to unionists attempting to leave the country.

The foundation of USAID's labor strategy in South Africa was to be the AALC's program of direct union-to-union support, and the AALC was given much latitude in implementing the technical aspects of this assistance. This included training, technical help, travel support, and organizational guidance. In 1988, the Mission initiated a new strategy to provide assistance to institutions in the NGO community that supported labor union development with services such as economic research, litigation, negotiation, and mediation. The stated intent was for USAID and AALC to work closely on the formulation of this support, and the hope was that these activities would enhance USAID's credibility with the COSATU unions.

II. DESCRIPTION OF THE GRANTEE

The AALC was founded by the AFL-CIO in 1964. Since then, it has been developing and implementing programs throughout Africa designed to strengthen free trade unions and increase their participation in their nation's political and economic development. All programs are undertaken at the invitation of the central labor organization of the host country and usually with the knowledge and consent of the host government (not the case in South Africa). By 1992, the AALC was sponsoring 146 activities in 35 African countries.

In 1981, the AFL-CIO/AALC began a program inside South Africa to assist black unions and to promote basic changes in the lives of workers. In September 1983, the U.S. government, through USAID/Washington, signed a grant agreement and subsequently a cooperative agreement with the AALC for these purposes. This agreement, although modified a number of times, has been in effect ever since. In total, $23.6 million has been granted by USAID to the AALC for work in South Africa from 1983 through 1994.

The members of the AALC's Board of Directors are AFL-CIO President Lane Kirkland and other senior AFL-CIO officials and presidents of AFL-CIO international unions.[1]

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[1] In addition to Mr. Kirkland, Board members are Thomas Donahue, Patrick O'Farrell, Morton Bahr, J.J. Barry, Owen Bieber, William Bywater, Robert Georgine, Wayne Glenn, John Joyce, Jay Mazur, Lenore Miller, Albert Shanker, John Sturdivant, John Sweeney, and Lynn Williams.

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ORGANIZATION PARAMETERS*

USAID Funding: Labor Union Training		Other USAID Project Funding
1986	$1,500,000	
1987	$800,000	
1988	$1,700,000	
1989	$0	
1990	$1,500,000	
1991	$3,000,000	
1992	$3,499,770	
1993	$3,000,000	$500,000 COLD
1994	$2,500,000	$2,500,000 BPED; $1,170,000 COLD

* Total budget, staffing, and beneficiary data were not provided to the evaluators.

III. EFFECTIVENESS AND IMPACT

The AALC activities in South Africa can best be understood in the context of three distinct time periods, the first being the center's contact with and support of unions within the country from 1982 to 1986. Grants to unions focused on office setup, basic organizing assistance, and the development of administrative infrastructure. AALC's assistance to unions inside the country rather than the exiled union movement SACTU, was criticized by the international labor community, particularly the Scandinavians. The AALC representative was based in Botswana during this time, until the Botswana government became uneasy about AALC work with the South African unions and the representative moved to Lesotho.

In the second phase, from 1986 to 1989, AALC activities were characterized by limited access to the country for AALC staff, rejection of the AALC by COSATU, the majority federation, as well as a period of extreme repression of the labor leadership within the country. During these years, the AALC disbursed resources in South Africa, but it had no presence within the country and generally only responded to requests for assistance. It focused on union-to-union links to overcome obstacles and continued to facilitate these relationships.

The 1990 watershed speech by de Klerk also marked a turning point for the AALC. COSATU militancy toward the United States diminished, and Nelson Mandela met with Lane Kirkland on his visit to the United States in the summer of 1990. From 1990 to 1994, in an environment with

significantly less ideological tension, the AALC began the process of building its postapartheid role, establishing a presence in the country, working with a broader group of unions, and assisting unions as they grappled with the dilemmas of their political roles during the transition to democracy.

A 1986 evaluation of the AALC program in South Africa concluded that, despite setbacks, it had established an American labor "presence" in South Africa and helped strengthen the labor movement there. While acknowledging the AALC's "image problem" and rejection by COSATU unions as a form of "imperialist assistance," the report states that while not all the unions that the AALC has assisted were strong or mainstream, they did represent a broad spectrum. The report recommends patience in promoting the program, points out the dangers of being seen to take a partisan position regarding conflict within the labor movement, and suggests that the AALC remain loyal to those unions that it assisted, while remaining accessible to those from COSATU that might seek support.

A second evaluation conducted in 1990 acknowledged the two major constraints to AALC's programming: (1) the South African government's general unwillingness to permit an AALC staff presence in the country and their frequent prevention of travel abroad by South African unionists, as well as (2) COSATU's continued suspicion and discouragement of its affiliates from working with the AALC. This continued rejection by the very constituency it was intending to serve was made even more problematic by the fact that the union group willing to accept AALC assistance, NACTU, was significantly weakened by internal dissent and was becoming less of a force in the movement. Despite these obstacles, the evaluation concluded that elements of the AALC program, particularly bilateral union-to-union assistance, had achieved valuable results and that the program should continue.

IV. RELATIONSHIP TO CAAA GOALS

The AALC's provision of support to the struggling black labor union movement in South Africa operationalizes the CAAA intent of peacefully facilitating the end of the apartheid system and of strengthening black-led institutions of civil society.

V. LESSONS LEARNED

USAID's almost exclusive reliance on the AALC as the sole channel to the South African labor movement in the 1980s may have limited the United States' ability to build constructive relationships with sectors of this critical element of the liberation movement. However, one could also plausibly argue that the leftist ideology of the majority of the movement was fundamentally incompatible with the U.S philosophy of business unionism; therefore, whatever support was offered to the movement by the United States in the context of advancing the demise of apartheid and building pluralistic democracy was bound to be suspect. Nevertheless, had the USAID Mission in South Africa been given direct responsibility for managing the AALC

activities in the country (until 1990, AALC grants were managed directly by USAID/Washington), they would have had far greater success in the process of consultation and relationship building with the COSATU unions. Some AALC staff argue, however, that USAID/SA viewed the South African labor movement almost exclusively as a mechanism for political change, failing to understand or appreciate the need to strengthen the unions' capacity to meet their members' bread-and-butter workplace interests.

VI. THE FUTURE

The AALC now has an established presence in Johannesburg and a growing working relationship with almost all of the unions in both black labor federations. While a residue of the old leftist suspicion of U.S. motives is still felt by the AALC staff in South Africa, the dramatic change in the environment, and the staff's commitment to presenting resources to the unions to develop their capabilities with no political strings attached, now present the possibility of potential collaboration.

Within the new post-apartheid environment, the AALC looks toward fostering tripartite collaboration among the business sector, the government, and the unions; assisting the South African unions to play a significant role in addressing regional issues as part of the regional labor institutions; and maximizing union contribution to the development of the democratic process, especially in the 1995 local elections. In addition, the International Union of Bricklayers and Allied Craftsmen, through the AALC, has established a vocational training program for black construction trade unions in South Africa that are affiliated with COSATU and NACTU. The program is underway and promises to be a successful and exciting model for other union-initiated trade schools.

The unions face major challenges regarding their internal development and their future roles. There has been a drain of top leadership into government, and in-depth management skills are in short supply. Unity still eludes organized labor in South Africa, and many see the federation divisions as detrimental to labor advancement. As South Africa competes in the international markets, now unfettered by sanctions, productivity is becoming a major issue, and the pressure to compete with Latin American and Asian producers is a challenge to union bargaining power. Further, if the new government becomes widely perceived as not delivering change fast enough to meet people's expectations, trade unions are an obvious institutional channel for discontent. This dynamic would place a great strain on the majority of the labor movement's political alliances.

The AALC is now well positioned to assist South African unions with these challenges. Other encouraging developments include the potential for broader relationships in the labor movement, the constructive dialogue between the Mission and AALC staff, and the commitment by USAID of significant resources to advance AALC program goals, which address a plethora of labor movement issues and future challenges.

ASSOCIATION FOR TRAINING AND RESOURCES IN EARLY EDUCATION

Date Founded:	1985
Location:	Based in Durban, with a branch in Pietermaritzburg; also an extensive field program serving southern Natal, Durban, Pietermaritzburg and its environs, rural Zululand, and Northern Natal
Purpose:	Provides training, resources, and support to community-based educare workers and projects in the economically disadvantaged communities of KwaZulu/Natal
Target Population:	Offers services to all but gives priority to the needs of disadvantaged sections of the community, primarily black women and children. According to a 1991 study, of the 6.3 million children under six years of age in South Africa, 83 percent were black, and only 2 percent were in preschool. Works with approximately 700 educare centers throughout the province of KwaZulu/Natal, reaching about 30,000 children a year and supporting approximately 2,000 educare workers through courses and workshops.
Average Annual Budget:	$1,000,000

I. BACKGROUND

Due largely to a lack of government support, access to early childhood development services in South Africa is extremely limited. In 1990, there were an estimated 6.4 million preschool-aged children in South Africa, only 11 percent of whom participated in early childhood development programs of any sort. Only 22 percent of this 11 percent benefit from programs that are supported by government funding. The remainder are privately operated, making them available only to those who can afford to pay. In essence, those children who could benefit most from early childhood educare services have very limited access to them.

In 1993, an estimated 30 percent of white children in the under-seven age group had access to preschool education, compared to about 10.7 percent of black children (including so-called

coloured and Indian children) in the same age group. The 1994 data suggest that approximately 11 percent of the total under-age-six population had access to preschool education nationwide. The provision of such services to a greater number of children is due to the growth of private, unregistered, less formal educare efforts, whose quality of care is questionable. Despite this modest increase in pre-primary services, the large majority of children experience an abrupt introduction to formal learning when they enter school, which certainly contributes to frustration, poor learning, school failure, high drop-out rates, and a repetition of grades.

Two sets of factors are identified in the NEPI[2] *Report on Early Childhood Educare* (1992) as contributing to poor scholastic performance. The first includes the unavailability or inaccessibility of schools, the poor quality of schooling (overcrowded classrooms, lack of material resources, inadequately trained teachers), and the lack of responsiveness to local needs and circumstances. The second relates to the readiness of children for school and for life, which in turn is related to family attitudes and practices (which are in turn influenced by the wider community and the socioeconomic environment).

Confronted with high dropout and grade repetition rates among the disadvantaged and with political demands to increase equity, the new South African government wants to ensure that all children can benefit from basic education. It is widely believed that one cause of scholastic problems is that children are inadequately prepared for school. Many pupils lack the nutrition, health, socialization, and educational stimulation to prepare them for school and life. This is the context in which the Association for Training and Resources in Early Education (TREE) works.

II. DESCRIPTION OF THE GRANTEE

TREE was established in 1985 as an independent, nonprofit, nonracial NGO to provide training and capacity building of educare staff, committees, and parents groups and to mobilize the resources needed to support early education and care of children. Its founders were South Africans who had committed themselves to responding to the needs of the large number of disadvantaged children who had been victimized by the apartheid system.

TREE is a registered welfare organization and an affiliate of the South African Association of Early Childhood Educare, which is the accrediting body in this area. Its funding, staffing, and service dimensions are presented in the table below.

[2] National Education Policy Investigation is a USAID/SA-supported initiative in which leading South African anti-apartheid educationists, during the year preceding the elections, developed analyses and policy recommendations concerning the transformation of all facets of education and training, in anticipation of post-apartheid education reform.

ORGANIZATION PARAMETERS

Time Period	USAID Funding	Total Budget	No. of Staff	No. of Beneficiaries
6/1/89-5/31/90	111,800	4/88-3/89 190,584	33 F/Time 28 P/Time	
6/1/90-5/31/91	126,100	4/89-3/90 292,124	30 F/Time 28 P/Time	
6/1/91-5/31/92	122,100	4/90-3/91 424,579	68 F/Time 8 P/Time	
6/1/92-5/31/93	260,000	4/91-3/92 636,819	84 F/Time 8 P/Time	165 Graduates
6/1/93-5/31/94	520,000	4/92-3/93 962,143	74 F/Time 8 P/Time	165 Graduates

In view of the overwhelming level of need for early childhood education services, TREE decided to focus primarily on serving as a training resource base for community-based educare rather than conducting such services itself. By serving this secondary resource development, support, and organizing function rather than providing primary service, TREE has been able to broaden and multiply its impact, supporting the establishment of grassroots projects in numerous rural and urban squatter communities in KwaZulu/Natal. This cost-effective approach has enabled TREE to train a broad cadre of educare facilitators at strategic points at the grassroots level in Durban, Pietermaritzburg, and Ladysmith. In recent years, TREE has further defined its mission, focusing on achieving impact in four interrelated areas: early childhood, adult, women's education, and community development.

TREE offers a range of courses to educare workers throughout KwaZulu/Natal. The design and facilitation of these training and capacity-building programs are such that they allow participants to move from acquiring basic skills, through a process of personal development and self-confidence building, to advanced courses including involvement in the training of trainers. TREE courses include:

- **Foundation Course**—Aimed at women who are starting an educare center or who have had little training in early childhood education.

- **Inkulisa-Mqondo**—Intended for graduates of the Foundation Course who want to further their knowledge and skills, and for those wishing to acquire the necessary training to assume the role of rural facilitators, who will conduct educare workshops in the field and provide in-service training to more junior educare personnel.

- **High/Scope**—For graduates of the Foundation and Inkulisa-Mqondo courses. This course, adapted from North American methods, enables participants to acquire skills and concepts necessary for formal project planning, implementation, and evaluation .

- **Adult Educare**—For graduates of the Foundation, Inkulisa-Mqondo, and High/Scope courses who show the interest and potential to work with adults.

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- **0-3 Program**—For women caring for young children in their homes and for those with baby rooms attached to their educare centers. They attend short courses and are given support on an individual basis.

- **School Readiness Program**—Focuses on training teachers from primary schools.

- **Regular Educare Workshops**—Address all aspects of education and care of preschool children. Held throughout the province, they focus on such topics as theme teaching, school readiness, health, and nutrition.

- **Community Workshops**—These facilitate the involvement of parents in the community in decision-making on the provision and administration of educare centers. This service is provided by TREE only at the invitation of the communities concerned.

- **Income-Generating Skills Course**—Trains women in gardening, sewing, candle-making, and wire-fence making, at the invitation of community groups.

- **Adult Educare Training Course**—Ensures a high level of competency in adult education techniques (two-year training program for TREE staff only).

- **Abasizi (Zulu for "Helpers")**—Contracts with competent and committed educare workers to maintain quality programs at their centers that will serve as models and observation centers for local educare workers and parents, provide in-service training to visiting practitioners, and to assist local facilitators at training courses and workshops.

III. EFFECTIVENESS AND IMPACT

Through its outreach, training, and community development activities, TREE has arguably become the major nongovernmental resource for the organization, promotion, and development of educare services in KwaZulu/Natal and demonstrates the value and cost-effectiveness of such intermediary support organizations. TREE serves as an ongoing resource base for established community educare projects, as a source of guidance, encouragement and training for fledgling centers and, most important, as a proactive advocate, giving voice to the educational needs of children and parents in poor, marginalized communities.

TREE has played an important role in networking with other stakeholder organizations in the educare field and has served as a national resource to government and others involved in policy reform in the areas of adult education and community development. By working with women, TREE has also helped to raise women's awareness about themselves, their families, and their children. It has offered women an opportunity to reassess their value systems relative to their lifestyles, health, parenting practices, and environment.

IV. RELATIONSHIP TO CAAA GOALS

As TREE's single largest funder, USAID/SA has recognized its value and potential and has supported its development over a six-year period. In keeping with its CAAA mandate, USAID/SA has provided more than mere financial support to an organization offering needed services within disadvantaged black communities. It has also facilitated adoption of a far-reaching process of affirmative action, strengthening of its administrative systems, and enhancement of its ability to generate self-sustaining activities.

While the CAAA called for the support of activities (such as educare) that aid the victims of apartheid, it also clearly endorsed the importance of facilitating black empowerment and of strengthening black-led community institutions. USAID/SA's dilemma was that many of the largest and most effective NGOs were white-led. While funding to such groups supported the delivery of needed services to black communities, it also served, perhaps unwittingly, to reinforce the established power relationship in which whites assumed leadership roles and black South Africans served as subordinates and as relatively passive recipients of others' largesse.

In addressing this difficult problem, USAID/SA's strategy was both to identify and support the development and strengthening of black-led NGOs, and to work with those white organizations that seemed at least rhetorically willing to engage in a process of democratic self-transformation. TREE was one such organization and, as such, serves as a good example of the slow, often painful dynamics of such change.

Although TREE's service target population is black, both its board chairperson and director are white, and fewer than a third of its trustees are black. Further, while the great majority of organization staff and clientele are female, TREE's chairperson is male. In addition, until recently, primarily white housewives and schoolchildren were commissioned to make TREE's toys and teaching aids.

USAID/SA's financial support, coupled with its insistence on concrete steps to remedy the disparities in management composition, have resulted in a real, albeit at times slow and uneven, move for affirmative action and organizational change. TREE now advertises its staff openings in black communities and conducts training classes in Zulu. USAID/SA funds have been used for staff development and skills-upgrading and to enable the organization to raise the salaries of many of its junior-level staff, a majority of whom are black women. The organization is also committed to bringing black South Africans into positions of leadership, and three senior posts are now held by blacks.

V. LESSONS LEARNED

USAID/SA's experience in supporting TREE presents two key lessons. It demonstrates the value of intermediary NGOs, situated between the donor, USAID/SA, and a host of small community-based direct providers of educational services to the target population. Through its delivery of

training, organizing, and support services, TREE creates a multiplier effect, stimulating the proliferation of educare and related services in townships throughout the province and demonstrating a model that is of national interest.

Second, in fulfilling its responsibilities under the CAAA mandate, USAID/SA's insistence on increased black participation in the management and direction of the organization has enabled TREE to move ahead in its own necessary transformation. The TREE experience shows that even with much apparent good will and agreement on values on the organizational level, the process of change in South Africa remains problematic and requires concerted time and attention. But with much assistance from the Mission, TREE's progress in this area shows that it can indeed be done.

VI. THE FUTURE

As with most South African NGOs, TREE's future is closely tied to issues of funding and government priorities. While there may be widespread agreement on the importance of early childhood educational services, in view of the massive legitimate demands for change confronting government and the limited resources at its disposal, it is probably realistic to assume that educare will not be a priority. With funders looking increasingly to government rather than to the NGO community as their principal development partners, securing such support becomes even more competitive.

As an established, respected, and valued agency and one that benefits many grassroots NGOs, TREE stands in a relatively favorable position with donors interested in cost-effectiveness and in maximizing impact. With USAID/SA assistance, it has also embarked on an income generating project, the TREE Shop, that sells educational toys to help support the organization. Finally, its efforts to make itself more representative of the communities that it serves will certainly help TREE continue to be seen as a credible advocate for the educational needs of young children.

BLACK LAWYERS ASSOCIATION LEGAL EDUCATION CENTRE

Date Founded:	April 1984
Location:	Johannesburg
Purpose:	To provide continuing education and training for black lawyers, to organize and direct law clinics, to protect and defend the legal rights of the community, to conduct research into all spheres of the law, to write and publish on legal subjects and topics
Target Population:	Black lawyers, defendants, and those in need of legal assistance in clinic communities
Average Annual Budget:	R1,312,630

I. BACKGROUND

In 1988, there were an estimated 680 black attorneys, 280 of whom were African, in a black population of 28 million. In that same year, there were 6,000 white attorneys in a white population of 4.5 million. The states of emergency and extensive government repression in the 1980s had led to the endemic loss of respect for the law and growing violence in all communities. In this context, the Black Lawyers Association (BLA) defined the lawyer's duty: to "preach legal sanity to the powers that be, the warring factions and to the community at large . . . the lawyer is called upon to play a leading role in the wider community." Not only was there a need to increase the number of black lawyers and to enhance existing black lawyers' professional capabilities, but the community's need for legal information and advice continued to grow. In addition, many defendants required representation and other assistance.

II. DESCRIPTION OF THE GRANTEE

The BLA was established, in 1977, in response to an attack on black lawyers that culminated in prosecution for practicing in so-called "white" areas, in contravention of the Group Areas Act. Its goals originally were to expose all discriminatory and unjust laws and increase the number and quality of black lawyers. To achieve these goals, the BLA Legal Education Centre was set up in 1985. The initial money to establish the Legal Education Centre was provided by the

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Carnegie Corporation, the Ford Foundation, and the Ax Foundation. Subsequent financial support came from the U.S. Agency for International Development (USAID).

The following are projects of the BLA Legal Education Centre:

- Bursary Scheme—The purpose of the bursary scheme is to allow more black law students to receive a university education by providing them with financial support. Bursary recipients are encouraged to focus on areas of the law particularly underrepresented in the ranks of black lawyers or particularly pertinent to the black community, for example, constitutional law, human rights, commercial practice, conveyancing, and legislative drafting.

- Practical Legal Skills Seminars—These seminars provide training for articled clerks as well as junior attorneys in the application of the law to practical problems. Senior members of the profession deliver papers in weekend sessions throughout the year on topics such as how to conduct a trial, legal ethics, taking statements, evidence, and dispute resolution.

- Articled Clerks—The purpose of this program is to find placements for aspiring articled clerks by liaising with law firms and working with white firms to resolve their problems concerning black clerks. The Legal Education Centre also subsidizes clerkships at firms that are willing to train clerks but cannot afford to pay them. The Centre also subsidizes articled clerks for fees for courses taken in preparation for the Attorneys Admission Examination.

- African Law Review—This is a quarterly law magazine produced by the Centre to afford members of the profession an opportunity to write on various legal topics and to inform the wider public, particularly Advice Centre workers around the country, about current legal developments.

- Trial Advocacy—Since 1986, in collaboration with the National Institute for Trial Advocacy (a U.S. group), the Centre has been organizing seminars around the country to provide training to law students and lawyers in preparing cases for trial, presenting opening arguments, leading witnesses through testimony and cross-examination, and presenting closing arguments.

- Legal Defense Fund—The Legal Defense Fund is involved mostly in supporting civil suits against the police and security forces and in representing political activists who are frequently held without charges or charged with nonexistent crimes.

- Litigation Department—The Litigation Department provides assistance in labor, political, and general human rights cases.

- Law Clinics—Advice centers around the country refer cases to the Centre's five clinics. Cases generally fall into the consumer, labor, police assault, and housing areas.

The current members of the Board of Trustees are G. Maluleke (Chairman), J. Vilakazi, N. Yekiso, D. Ntsebeza, Prof. N. Manganyi, D. Mokgatle, Adv. J. Poswa, P. Mojapelo, Adv. T. Madala, and I. Phalatse. The current Executive Director is Pansy Tlakula; past Executive Directors include Adv. M. Gumbi and Justice Moloto.

The Organization Table, below, presents information on funding, staffing, and beneficiary levels.

ORGANIZATION PARAMETERS

	USAID Funding	Total Budget	No. of Staff	
1985	$6,723			
1986	$100,000			
1987	$117,201	R395,000		
1988	-	R655,220		
1989	$150,000	R764,054		
1990	$88,000	R1,294,715		
1991	$60,000	R1,787,851		
1992	$476,500	R1,064,206		
1993	$300,000	R2,243,220		
1994	$100,000-COLD $410,000- "	R2,296,652	9 HQ - 41 Field	

III. EFFECTIVENESS AND IMPACT

USAID has assisted the BLA through three distinct grants that have been continually amended through the years: the first, funded through COLD, was for the BLA Legal Education Project; the other two, funded through the Legal Assistance Project in the Human Rights Program, were for the BLA Litigation Department and the BLA Legal Defense Fund.

USAID assistance has been used primarily within the organization to support the staff person responsible for coordinating and managing all of the Centre's projects. USAID funding has also

been applied to the bursary program, the articled clerk projects, publications, and seminars. In addition, funds were allocated to the expansion of the Centre's human rights litigation activities and to provide support to defendants in high-priority cases.

The BLA has established a recognized role in the community and has grown consistently over the years, providing more services to the general population through an increased number of legal clinics and ongoing training to black lawyers around the country. By 1993-1994, 25 law students had received bursaries, 30 candidate attorneys had been subsidized, and 18 candidate attorneys had received assistance in preparing for the board and bar exams. In addition, trial advocacy training took place in nine sessions throughout the country, mock trials were staged in three locations, and three special workshops were conducted. The number of cases handled by the Litigation Department almost doubled, from 57 in 1992-1993 to 103 in 1993-1994. The five law clinics continue to render services to the indigent and disadvantaged communities, handling a total of almost 300 cases over their years of operation. The Legal Defense Fund has assisted in critical political cases over the years but had a very difficult year in 1993-1994 due to an extreme load of applications, as South African Legal Defense and Education Fund (SALDEF) (a complementary source of support) lacked resources. The Research Department identifies and investigates issues of concern to large numbers of people within the disadvantaged legal fraternity. The Publications Department continues to publish the *African Law Review* plus newsletters and brochures.

IV. RELATIONSHIP TO CAAA GOALS

The explicit legislative language in the Comprehensive Anti-Apartheid Act identifying the areas of BLA activity as a priority led to USAID's support of the BLA and similar organizations. The legislative limit of $100,000 placed on grants in the Human Rights project did affect this grantee. However, USAID believed that BLA had the capacity to absorb increased annual funding and, therefore, crafted a program using funds from both the Community Outreach and Leadership Development (COLD) and Human Rights projects to meet the level of need and potential for effective performance.

V. LESSONS LEARNED

USAID and the BLA have a close and long-standing relationship. The previous Executive Director, Ms. Gumbi, maintained close, continuous contact with USAID, and USAID, due to the high level of trust and the depth of the relationship with BLA leadership, frequently used its established grants with the BLA to respond to other organizations' urgent needs. Ms. Gumbi took a leave of absence from the BLA to participate in the Independent Electoral Council and then to take a position on the staff of Deputy President Mbeki. Ms. Gumbi's move into transitional structures and then into a senior government post is typical of that of NGO leadership over the past year; it has been extremely difficult for many NGOs to continue to function with this drain on leadership as well as the pressures of the fast-changing environment. USAID has

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had to face this issue with many of its grantees. Changes in leadership have broken years of continuous dialogue and, in some instances, have left a vacuum in organizations that are in the midst of implementing multi-year grant agreements with USAID.

Although BLA's new Executive Director had not previously had substantial contact with USAID, she has now established a good working relationship with the Mission, which approved a grant of $100,000 for Human Rights activities in August 1994. Prior to the renewal of contact, senior BLA staff were under great pressure to maintain the same level of services with depleted resources. One of USAID's grants came to an end, and there seemed to be confusion among senior staff about why it had ended so suddenly and about the scale and nature of the ongoing grants. BLA has outstanding liabilities arising out of commitments made under the Legal Defense Fund project, because assumptions were made regarding future USAID funding. BLA staff are currently negotiating with SALDEF to assist with the payment of these liabilities.

On an administrative level, there has been miscommunication between BLA and Mission staff responsible for the disbursement of cash. From the BLA perspective, the administrative and reporting rules have not been clear, and cash flow has been delayed at times for months, leading to grave problems for the organization. One of the BLA's major complaints is that when records of expenditure are submitted, the Mission is slow to communicate its issues or problems, thus further delaying the entire process. BLA has been left with a significant deficit in the education program because of disallowed expenses.

Generally, despite the fact that USAID has provided BLA with substantial support over a long period of time, communication and understanding between the two parties seem to have suffered from the pressures of the transition period (between February and August of 1994). USAID/SA is committed to ongoing support of the BLA, and BLA senior staff have exciting programming ideas. However, during the transition period, the level of communication between the parties was not sufficient to ensure an optimal use of the resources that USAID had to offer in the short and medium term. In recent months, BLA and the Mission have resumed a constructive dialogue, and both parties feel that their relationship is back on track.

BLA's experience as an USAID/SA thus illustrates both strengths and weaknesses in the South African program. Clearly, USAID/SA has demonstrated a serious, long-term commitment to this important human rights organization and has shown creativity in utilizing several project sources in concert to support BLA activities. At the same time however, despite many years' experience as an USAID/SA grantee and certainly an inherent legal expertise, there remains something of an administrative "disconnect" that strains relations between the parties and has placed the association at financial risk. The importance of maintaining open communication channels between donor and grantee is evident in this case study report.

VI. THE FUTURE

BLA is currently facing dilemmas that are broadly experienced within the NGO community: the need to identify secure medium- and long-term funding and the need to redefine their missions to match the new political reality. While USAID, like other donors, is redefining the mix of resources that will be available to the NGO sector and defining its relationship with relevant government structures, USAID is committed to supporting NGOs with a clear post-apartheid function. BLA has established itself as a group with a sustainable role in a post-apartheid environment, particularly in the areas of constitutional litigation and in the legal education of the community (through its legal clinics), as well as in the upgrading of black lawyers' professional skills, especially in the commercial arena. There are a number of similar NGOs (such as Lawyers for Human Rights (LHR), National Association of Democratic Lawyers (NADEL), and Legal Resources Center (LRC)) that do collaborate, but there is a danger that the competition between them, in an environment of dwindling resources, will be destructive.

EARLY LEARNING RESOURCE UNIT

Date Founded:	1978
Location:	Capetown
Purpose:	To train parents and others in early childhood development
Target Population:	Low-income Families
Average Annual Budget:	R1.4 million

I. BACKGROUND

In recent years there has been a growing understanding of the importance of a nurturing and stimulating environment for children under age five. Without such an environment, disadvantaged children enter school with limited experience in coping with the type of intellectual problems that often arise in the classroom.

The Carnegie-sponsored report, *Uprooting Poverty*, showed that while many black parents in South Africa would like formal preschooling for their children, few have access to quality childcare. Meanwhile, the movement away from the extended family toward a more nuclear model reduces the opportunity for care by an older relative, and the option of pulling an older child out of school is undesirable. This high level of demand is causing unemployed women throughout the country to open creches and home educare centers at any location available.[3] These women often lack the necessary skills and resources to create a stimulating and healthy setting. Thus, rather than benefitting, children suffer from nutritionally poor food, unhygienic conditions, and inadequate intellectual stimulation.

There will be an estimated increase in the numbers of black children aged 0 to 6 years from approximately 5,870,000 in 1985 to 6,981,000 in 1995 (Grobbelaar, Institute of Futures Research, 1993). The need for good preschool education programs will remain critical, and the need to find ways of spreading limited resources to the greatest possible numbers of children will remain urgent.

Despite the situation, the former South African government took very little responsibility for preschool education, either in the form of subsidies to preschools or in the provision of formal training of preschool teachers. The current democratically elected government recognizes the

[3] Educare is the term commonly used in South Africa to encompass early childhood development and care of preschool age children.

benefit of early childhood development but makes the placement of school-age children its first priority; therefore, very few government resources can be allocated to this concern. The role of nonformal training programs is all the more critical in this context, and there is more freedom to implement alternative curricula and approaches, such as those designed by the Early Learning Resource Unit (ELRU).

II. DESCRIPTION OF THE GRANTEE

ELRU is a nonracial independent organization administered by the Cape Educational Trust. Established in 1978, ELRU works to help oppressed communities realize their human potential. Over the years the staff numbers have grown to nearly 30. Before 1987, ELRU received substantial funding from the Bernard van Leer Foundation in the Hague as did many of the NGOs involved in early childhood development and educare in South Africa. ELRU received no financial support from the South African Government.

The focus of ELRU's work is on improving the education and care of oppressed and disadvantaged children aged 0 to 6 years. Parents are given assistance and support so that they can fulfill their potential as primary educators. ELRU helps communities to improve the quality of educare by designing training programs and materials and providing consulting services for trainers, teachers and parents in rural and urban areas. Some 5,000 adults have participated in ELRU training courses, seminars, and workshops and an estimated 6,500 parents have been reached by ELRU awareness programs.

The Board of Trustees has always consisted of community and education leaders. The current Board of Trustees includes:

- **Ms. Tania Vergnani**, Chair, ELRU's Board, Department of Education Psychology, University of the Western Cape (UWC).
- **Ms. Rosalie Small**, Department of Education, UWC.
- **Prof. George Ellis**, Applied Mathematics Faculty, University of Cape Town (UCT).
- **Ms. Elizabeth Engelbrecht**, Principal, Grassy Park Nursery School.
- **Ms. Francisca Johnson**, Vice Rector (early education), Cape Town College of Education.
- **Dr. Mbozanzi Mboya**, Education Department, UCT.
- **Dr. Dick van der Ross**, Western Cape MP.

- **Mr. John Murphy**, Law Department, UWC.
- **Prof. Nicky Morgan**, Business Economics, UWC.
- **Mr. Franklin Sonn**, Rector Peninsula Technikon, newly appointed Ambassador to the United States.
- **Ms. Cynthia Bekwa**, Zingisa Education Trust, Zwelitsha.
- **Ms. Pamela Tshwete**, Primary Health Care, Eastern Cape.
- **Dr. L. le Rouz**, Philani Nutrition Project, Khayelitsha.
- **Ms. Nombulelo Khanyile**, Low-income housing consultant, Gauteng.
- **Mr. Henry Wiggins**, Small Business expert, operates the Yag Yag Toy Factory.

A. Budget, staffing, and beneficiary levels

ELRU's initial USAID grant from 1990 to 1993 provided $250,000 for staff development, training in rural areas, and research and work in alternative models of educare and information services. In 1993, ELRU received an additional three-year grant for $750,000.

The following chart shows the funding by USAID compared to the total budget. It also shows the number of staff and the number of beneficiaries.

ORGANIZATION PARAMETERS

Time Period	USAID Funding (R)	Total Budget	No. of Staff	Indirect Beneficiaries
1985-1986		191,718	12	
1986-1987		222,118	12	
1987-1988		393,279	16	70,000
1988-1989		563,354	21	90,000
1989-1990		610,149	20	100,000
1990-1991	75,885	750,792	24	116,000
1991-1992	124,690	1,140,171	23	142,000
1992-1993	254,838	1,350,679	23	140,000
1993-1994	476,466	1,782,238	26	200,000

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ELRU staff feel that the figures on number of beneficiaries is misleading, as the courses offered have changed over time. In the earlier years there were many more short courses and workshops that later changed as communities developed. ELRU began to conduct longer courses with more systematic field support so that there were fewer beneficiaries but much more in-depth training. There are also many ELRU activities that do not have a quantifiable number of beneficiaries. These include policy initiatives, publications, program development work, and advocacy.

The number of "indirect beneficiaries," estimated in the chart, is not always known and could also be cumulative as teachers and trainers reach new groups of children and trainees. However, there is duplication as many of the trainees recorded above attend a second or third ELRU course. Also, some people change jobs and take their experience to other educare organizations. The figures for indirect beneficiaries, therefore, while not precise, provide an insight into the broad outreach of ELRU training.

ELRU's support from USAID have been for: 1) staff development; 2) training for rurally based educare workers; 3) training and program development for alternative educare service options, including home childcare and parent playgroups; 4) policy research initiatives to disseminate information and pilot sustainable models; 5) materials development; 6) linkages to junior primary schools; and 7) anti-bias training.

Specifics of activities supported by USAID/SA funding include the following:

1. Expansion and Improvement of Quality of Existing Educare Services:

    a) Training of 150 Rural Educare Workers—In the Helderberg, Overberg, and other areas of the Western Cape.

    b) Training of 150 Home-based Workers and Play Group Leaders—In the greater Cape Town area at course level 1. These trainees were made up of those directly trained and those trained by other organizations with the supervision of the ELRU trainer.

    c) Implementation of a Health and Nutrition Education Program—Focuses on establishing sound nutrition, health, and safety practices by childcare providers in at-risk communities in greater Cape Town.

2. Information and Policy Research Service:

    a) Production of a Series of Policy Papers—On issues and program options to stimulate debate and disseminate information. These papers drew on existing work within ELRU and the network of other training agencies in the educare field. An example is a paper on the cost of different program options for early childhood educare at "basic", "adequate", and "high-quality" levels that was prepared by ELRU and Grassroots, another major educare training NGO in Cape Town, also funded by USAID.

b) Provision of Consultancy Services—On request to organizations involved in educare and related issues on program models and options for service delivery.

c) Production of ELRU Newsletter—Once a year and teacher resource materials, including *CHATELRU* and other curricula with strong emphasis on second language development.

d) Development of a Pilot Program—Linking input on early childhood stimulation activities with literacy-training projects.

e) Development of a Pilot Program—To explore options for linking the junior primary and pre-primary phases. The National Education Policy Initiatives Project (NEPI) Educare Research Report identified this as a priority for improving the lower primary schooling crisis.

3. Strengthening Existing Networks of Educare Training Agencies for the Provision of Training Options at all Levels:

a) Umbrella Organizations—Continuing to build on existing networks and through umbrella bodies such as the South African Association of Early Childhood Educare Training Forum, United Preschool Association Training Subcommittee, Western Cape Fieldworkers Forum, Network of Eastern Cape Educare Training Agencies (NECTA), Transkei Educare Fieldworkers Forum (TEFF).

b) Network of Trainers—From different organizations all over the country that are linked to ELRU via preschool Leadership Training, the Parent and Community Division, and the Western Cape Rural Areas Project.

4. Anti-basis Training Pilot Program:

a) Training for Trainers—Provides anti-basis training for trainers and others in coordinating or supervisory positions within the fields of preschool and primary education. An estimated 20 people from around the country were to be trained in the first year. At the end of the three-year period, 180 people were trained.

b) Resource Library—Building a resource library of relevant books, journals, articles, videos, posters, teaching aids, and other audiovisual materials.

c) Dissemination of Information—Keeping trainees informed by sending them articles and names of contacts for networking.

An objective of USAID support was to provide opportunities for disadvantaged South Africans to advance to senior positions within the ELRU organization. As part of the agreement with USAID, ELRU produced annual training plans to demonstrate that disadvantaged South Africans were benefitting substantially from training opportunities and were upwardly mobile in the organization.

Since 1989, ELRU has embarked on a vigorous staff training program aimed at upgrading the skills of its management staff, especially those staff members disadvantaged by apartheid. The objectives of the staff development program are to provide financial support for staff to further their formal qualifications on a part-time basis—secondary and tertiary level courses—and to expose members of the ELRU staff to international, regional, and national conferences, seminars, and workshop programs and meetings on the practice of adult education, early childhood education, and related issues. ELRU staff development consisted of both formal training sponsorship for ELRU staff members to complete secondary school and university degrees and nonformal training in the form of courses, seminars, and conferences on early childhood development overseas and in South Africa.

III. EFFECTIVENESS AND IMPACT

ELRU, along with two other USAID grantees, Grassroots and TREE, has assumed a highly successful leadership role in perfecting or refining models of training of trainers for educare. ELRU serves large numbers of preschools and has reached more than 800,000 youngsters through its direct and indirect interventions. This figure far surpasses the goal of 5,000 youngsters that was set in the Education Support and Training (ESAT) Project Paper as a projected output of a single project. Moreover, ELRU has a role beyond the other educare training institutions that USAID has funded in that it provides its training services nationwide and, upon request, trains teachers from outside South Africa; courses have been in demand from throughout Southern Africa.

There is no question that ELRU and other similar organizations funded by USAID have had significant impact in the social sphere in constructing a viable educare sector in South Africa. This is attested to by interviews with peers in the field and by site visits to community day-care centers that would not exist without the educare personnel and parents' governing bodies trained by ELRU.

IV. EFFECT OF CAAA ON GRANTEE

The 1988 USAID *Program Strategy Statement* listed as one of its program objectives, to "build black individual, institutional, professional, and leadership capabilities." The objective referred to the continued development of black capabilities as essential to the success of indigenous efforts to end apartheid and bring about a just and democratic society. Under the Sectoral Objectives, in addition to human resource development, the focus was to "create and test

alternative models for nonracial education and support programs that will reduce the waste of human resources resulting from apartheid education." The 1993 USAID/SA Strategy Concept Paper reiterated the objectives and strategy of the earlier policy document. The 1993 paper pointed out that direct USAID grants to South African NGOs involved in education had been confined to the portions of the education system outside of direct government control.

One USAID funding source for ELRU, the ESAT Project, made preparation for schooling and primary education one of its seven focal areas. In a 1993 evaluation of ESAT, this category had received a significant 17 percent of the total ESAT Portfolio. At that point, only applied literacy training, professional teacher skills upgrading, and curriculum development and educational planning had received more resources of the total portfolio. The follow-up on project ESAT, the South African Basic Education Reconstruction Project (SABER), identified effective organizations in key areas to receive continuing funding; ELRU is one of those grantees.

Early childhood development was a sector that benefitted significantly from USAID investments both because of the programmatic implementation of the CAAA objectives of developing black leadership, bolstering innovative approaches, and countering the effects of apartheid—and because this was a sector that received virtually no government support for the benefit of blacks under the former regime.

V. LESSONS LEARNED

Support to ELRU and other key organizations in educare in South Africa have shown that USAID can have a major impact on a sector by making available significant resources and thoughtful funding guidelines. By working closely with educare grantees such as ELRU, USAID has helped to develop the human resource base in educare in South Africa, especially in the direction of expanding the participation by the South African majority group that has been underrepresented, even though its members have been the main end-users of the services of these major educare training and policy organizations.

Major support to a sector such as educare also raises the question of what the ongoing responsibility or obligation of USAID might be in that sector, when USAID has become the primary funding source.

As the financial chart shows, USAID financial support has contributed to the expansion of ELRU but it is not the organization's primary source of support. It demonstrated how USAID can work with other donors to achieve impact in a sector. ELRU has maintained a healthy diversification of project funding sources.

ELRU has expanded from a mainly training organization to one that has been regularly sought out for policy input. It is well regarded for its training programs, development, and dissemination of innovative models and for outreach and assistance to those involved in early childhood development and care.

ELRU demonstrated how a USAID-funded project that may have initially been funded, in part, because it satisfied the USAID objective of supporting of organizations that are politically correct and credible, can also be or become organizations with solid development impact.

VI. THE FUTURE

Current signals are that early childhood development will not become a priority for government spending in the short or medium term. Educare providers prefer the development of quasi-autonomous relationships between government and NGOs in educare provision, similar to those in western countries. The 1993 evaluation of ESAT, one of the USAID projects that funded ELRU, reports that interviewees attested strongly that ESAT funds, through funding to NGOs such as ELRU, had enabled strong regional models of educare training to flourish. However, they point out that is difficult to anticipate if there will be a clear place for educare in the new educational dispensation, or if it will continue to be totally donor-dependent.

EDUCATION FOUNDATION TRUST

Date Founded:	February 1990
Location:	Durban and Johannesburg
Purpose:	To facilitate the development of a nonracial, affordable education for all South Africans
Target Population:	In a given month, EDUSOURCE (an Education Foundation program) responds to approximately 80 queries from the education desks of key community-based organizations, university education policy units, trade unions, teachers' organizations, the Urban Foundation, the Private Sector Education Council, and research and academic institutions
Average Annual Budget:	R3,586,977

I. BACKGROUND

In 1993 and 1994, the South African educational system was still divided along racial lines and administered through 19 separate educational departments. Thus, it is not surprising that less than half the African population aged 20 years and older can be considered literate and that African adults have an average of five years of schooling, while whites have one of the highest educational attainment levels in the world. However, the South African education system is now in the process of being restructured in order to provide universal access. The Education Foundation Trust functions in this context, making available information to stakeholders in the education restructuring process and others in need of the type of information provided by EDUSOURCE. (EDUSOURCE is discussed in Section II below.)

The Education Foundation Trust (or, as it is called, the Education Foundation) was established in February 1990 to facilitate the development of a nonracial educational system. In perpetuation of the apartheid laws, South Africa's educational system (like all the human service systems, for example, health, housing, recreation, and religion) was designed to separate South Africans by race, with the white population being allocated the best educational resources, at the expense of the coloured, Indian, and African communities. This disparity in resource allocation was evident in the inequality in pupil-teacher ratios, teacher salaries, teacher qualifications, number of schools available, and pupil failure rates. The highly bureaucratized and decentralized educational system made it impossible to even begin to have an understanding of a "South African education

system." Data was rarely kept, and the data that was available was subjectively analyzed and used for purposes of control rather than for development.

II. DESCRIPTION OF GRANTEE

The Education Foundation is an independent, nonaligned nonprofit trust established to facilitate progress toward the formulation and implementation of a nonracial, democratic, and accountable educational policy for South Africa, through:

- Establishing an educational data bank
- Converting data from the data bank into usable information through analysis and system support
- Making these data available to the widest cross-section of education stakeholders

The Education Foundation operates the following programs:

- EDUSOURCE
- Education Task Groups
- Comprehensive Adult Education
- Electrification of Schools

USAID provides assistance to one program, EDUSOURCE, a user-friendly education database and research center with a computer modeling facility. An Educational Support and Training grant of $925,000 partially supports four of EDUSOURCE's priority areas:

- A Policy Support Unit (supports the policy option modeling process)
- Dialogue and conference support
- Database development and original research
- Dissemination of information

The following table provides information on the Education Foundation's budgetary, staffing, and beneficiary levels.

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ORGANIZATION PARAMETERS

Time Period	USAID Funding (R)	Total Budget (R)	No. of Staff	No. of Beneficiaries
4/1/90-12/31/90		519,952	7	≈80/month
1/1/91-3/31/92	360,913	1,536,812	7 to 12	≈80/month
1/4/92-3/31/93	1,017,361	2,158,348	12 to 19	≈80/month
1/4/93-3/31/94	1,262,996	3,586,977	19 to 26	≈80/month

III. EFFECTIVENESS AND IMPACT

Prior to the establishment of the Education Foundation, data on the educational system was government controlled, highly inaccessible, and used to support South Africa's racial laws. As a result, an informed educational policy that could assist in decision making did not exist. The establishment of the Education Foundation through USAID's support has resulted in a growing awareness of educational realities.

No other organization in South Africa has developed databases and other technical policy support systems like those of the Education Foundation. Thus, the Education Foundation has assumed national significance in education reforms. For example:

- The Policy Support Unit, through USAID support, is the only operational unit in the country to combine a wide range of policy analysis and information skills.
- The Policy Support Unit has developed considerable programming and forecasting skills. It has conducted workshops and collaborated with a wide range of interest groups, including black universities, to introduce policy dialogue tools.
- USAID has arranged for U.S.-based specialists to assist the Education Foundation staff in training and development.

IV. RELATIONSHIP TO CAAA GOALS

Founded the very month of Nelson Mandela's release from prison, the Education Foundation recognized that the education sector was critical to black empowerment and to the establishment of a viable democracy and that the control and analysis of education data, vital for planning, had to that point been almost exclusively in the hands of the National Party government. If one accepts the old maxim that "knowledge is power," then it is clear that the foundation has helped

to redistribute that knowledge and has thereby helped empower the victims of apartheid, those whom the CAAA sought to assist.

However, it must also be acknowledged that the Education Foundation remains very much a white organization, though it now has four highly skilled black professionals on staff. Its Executive Director, Peter Badcock-Walters, is on record as saying that apartheid has done its work well, in that it is difficult for him to find suitable black candidates for senior positions. While there may be some truth to this assertion, it begs the broader policy question confronting South Africa's educational sector and the USAID Mission; namely, given the history of education under apartheid and the centrality of this issue to the liberation struggle, is it appropriate to significantly concentrate the technical and analytical expertise, and the systems through which to access, analyze, and distribute information that is essential to national educational planning and development, in the hands of a private, white-led entity, however generous in its willingness to share its data and progressive in its political perspective?

It remains for South Africans to sort through this conundrum, and the process will surely not be quick or painless. Only then, however, will it be possible to assess with some confidence the ways and degree to which the CAAA intent was ultimately served through the Mission's support of the Education Foundation.

V. LESSONS LEARNED

USAID/SA's support of the Education Foundation is consistent with the challenges and opportunities that characterize the transitional period prior to and following the South African elections. National reconstruction and development require sound analysis and judgment on many daunting policy issues, and, with limited resources, it is essential that policy decisions are informed by strong technical analysis. The Education Foundation was organized at a time when the democratic movement in South Africa had a critical need for education information and technical expertise, and it moved quickly and effectively to meet this need. Its EDUSOURCE program has become a valued resource to the education sector, and foundation personnel are involved in numerous projects with NGOs, various governmental structures, and educational policy units at universities to help address the ongoing educational crisis in the country.

USAID/SA has been instrumental in supporting the growth and development of the Education Foundation and has successfully encouraged a process of networking through which the foundation's data and expertise are utilized by other Mission NGO grantees, by provincial education ministries, and by other components of the South African education system. The Education Foundation has made a significant contribution to the process of beginning to remake the South African educational system and has become a valued and significant component of that new system.

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VI. THE FUTURE

In many respects, the Education Foundation has filled a critical gap in South Africa's educational system and, as such, has made itself almost indispensable. It has secured funding support from a wide variety of sources including private industry and has proven to be a valued resource to other NGOs in the education field and to government. In a relatively short time, and working with the assistance of American technical experts provided by the USAID Mission, the foundation has developed the most comprehensive and technically sophisticated education management information system within South Africa to generate the data analyses necessary to support education policy and planning. This is a genuine and significant contribution to the process of change in the country.

At the same time, there will certainly need to be a policy debate concerning whether such a critical resource should remain in private hands now that there is a legitimate democratic government. Advocates of privatization need only point to the horrific abuses of education under the apartheid regime to underscore the value of NGOs in creating a civil-sector balance to the potential abuses of government. On the other hand, advocates of public ownership of such essential functions point to issues of accountability to the electorate and what they perceive as the need to hold government responsible for the provision of education services. Without control of the basic systems and databases through which to store and analyze policy-relevant information, they argue that the government will be unable to perform the functions for which it was elected. And of course, there are those who propose other mechanisms, such as parastatal approaches to such functions.

But, even if government were to assume a number of the information and analysis functions currently conducted by the Education Foundation, there would still be many valuable projects in its portfolio. And, it is probably safe to assume that the Education Foundation will continue to play a significant role in the process of education reform in the years to come.

EDUCATIONAL OPPORTUNITIES COUNCIL

Date Founded:	1979
Location:	Head Office: Johannesburg; Regional Offices: Port Elizabeth, Durban, Cape Town, and Bloemfontein
Purpose:	To increase tertiary-level studies for disadvantaged South Africans
Target Population:	Black South Africans seeking opportunities for tertiary education or non-degree training
Average Annual Budget:	Approximately R10,000,000

I. BACKGROUND

The denial to black South Africans of educational opportunities, in particular, access to university and technical training, was a central tenet of the apartheid system; thus, it is not surprising that education became a major battleground in the South African liberation struggle. The 1976 Soweto student revolt, sparked by black students' refusal to accept Afrikaans as the medium of instruction, heightened and set in motion a process of mass opposition that, 18 years and many lives later, would result in South Africa's first democratic elections.

But the ultimate victory of the anti-apartheid movement does not eliminate the lingering scars of Bantu education, including the dearth of qualified black South Africans in many technical and professional fields; the lack of adequate skilled human resources to meet the nation's requirements; the large numbers of illiterate and innumerate adults; and the high levels of school failure and premature school leaving among black students. The legacy of Bantu education leaves fully 80 percent of black students unable to complete high school and the number of white and "African" students in universities and teacher training institutions roughly equivalent even though the white population is only about one-sixth as large. It is clear that full empowerment for black South Africans requires that they are able to assume positions of leadership and authority in society, positions which are almost always conditioned upon educational qualifications.

The Educational Opportunities Council (EOC) was founded in 1979 to help address these terrible disparities in opportunity and the waste of human talent that characterized South African education.

II. DESCRIPTION OF THE GRANTEE

The EOC is one of the premier black-led NGOs in the area of tertiary and technical education. Since its founding in 1979, approximately 4,000 black South Africans have pursued bachelor's, master's or doctorate degrees in South Africa, the United States or elsewhere or have enrolled in certificate and other training programs under EOC administration. In its mission statement, EOC describes itself as committed to "facilitating study opportunities at tertiary institutions locally and overseas, enhancing research and leadership skills, and facilitating training opportunities in order to respond to the human resource needs of a changing South Africa."

EOC's founding and current Chairperson is Nobel Laureate Archbishop Desmond Tutu, who is a member of its Board of Trustees and sits on the National Council's Executive Committee. Other members of these bodies are Michael Corke, Hazel Moolman, Dr. Nthato Motlana, Prof. Peter Hunter, John Samuel, Bishop S. Ndwandwe, A. Rathebe, Prof. W. Seretlo, and Windsor Shuenyane. EOC's Executive Director is Fr. Buti Tlhagale, who succeeded Dr. Mokgethi Motlhabi, who held that post through 1989. Eleanor Molefe is EOC's Deputy Director.

Over the years, the EOC has grown from its original one-person office in 1979 to a staff of 40. Every year, approximately 50,000 black students submit scholarship inquiries to EOC, which, after a rigorous process of recruitment, screening, and selection, provides scholarship opportunities in one of its projects for about 1,100 students. The EOC is a nonpartisan organization and does not award scholarships based on ethnicity or political affiliation.

By the start of 1994, more than 1,300 disadvantaged South Africans had completed overseas studies through the EOC. The number of overseas scholarships increased steadily, from 6 in 1979, prior to USAID/SA funding support, to a high of 150 in 1986. The number pursuing overseas study then began to decrease as more emphasis was placed on providing "bursaries" (the term used in South Africa) inside the country and, more recently, on short-term training. From 1986 to the present, in addition to the overseas bursaries, USAID has sponsored nearly 2,000 disadvantaged South Africans through EOC to study at 19 local tertiary institutions.

EOC-administered bursaries have always been restricted to areas considered key to the future development of the country and ones in which black South Africans had been traditionally denied access: business administration, computer science, education (especially the administration and teaching of science and mathematics), engineering, finance, health sciences, law, public administration, social and hard sciences, urban/rural planning, and architecture. As domestic study opportunities have increased for disadvantaged South Africans, EOC's emphasis has shifted from providing funding for bachelor's degrees outside South Africa to funding for study within South Africa. External bursaries in recent years have been restricted to master's- and doctoral-level studies. This policy is a cost-effective use of USAID funds, as domestic study is less expensive than overseas study.

III. EFFECTIVENESS AND IMPACT

By 1993, evaluation documents showed that 2,287 black South Africans had completed tertiary-level studies, mainly through USAID-founded programs administered by the EOC. Two-thirds of them were in middle- and senior-level decision-making positions. The largest number of EOC alumni were in education and public service, followed by the private sector. Even though the CAAA had mandated against the commingling of funds with the South African Government, through the bursary program, there was an impact on the government bureaucracy through graduates of USAID-funded programs who returned to work in the civil service as teachers and administrators.

The vast majority of EOC's alumni reported that they owed their positions to skills and degrees acquired through USAID-sponsored studies. The evaluation documents also stated that, as a result of the USAID-funded program, "Blacks are making inroads into occupations and fields where their numbers were negligible previously, such as engineering, physics, environmental studies, and many subspecialties."

EOC lists 200 individuals whose study was supported by USAID/SA and who now hold important positions in the new government as ministers, directors general, parliamentarians, and senior advisors. One, Yvonne Mokgoro, received an LLM degree from the University of Pennsylvania in May 1990, and in February 1995 was sworn in by President Mandela as the first black woman justice on South Africa's new Constitutional Court, the highest judicial body in the country. Another, Phakamile Gongo, who received a master's degree from the City University of New York, has recently assumed the post of First Secretary in the Embassy of South Africa in Washington, D.C. Hundreds more occupy the ranks of the bureaucracy in important administrative posts, while others remain in the NGO community or have moved to the business sector.

Over the years, as stewards of a scarce resource, scholarship funds, the EOC has come under criticism from those who have accused it of showing a political bias toward or against a particular party; ethnic or regional biases toward or against one or another such groupings; and personal favoritism toward friends or family. Some attacked the EOC for maintaining an open evaluation and selection process, without favoring political activists, former prisoners, or exiles. Evaluation studies, however, have supported EOC's even handedness in administering the bursaries.

In discussing this issue, EOC Board member Dr. Nthato Motlana recalls:

> We, of the EOC, came in for attacks and a campaign of vilification because students said that we're not sensitive to the needs of political activists who need education. A number applied for scholarships and were not of university material. We did not give scholarships simply because someone had been on Robben Island

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> or been detained. I said to the EOC: 'We won't be bullied into giving scholarships simply because someone is a comrade.'[4]

Dr. Motlana's recollection provides some sense of the extraordinary pressures and scrutiny to which EOC has been subjected, pressures it was able to withstand because of the stature of its founder and board members, the impartiality of its systems, and the ongoing support of its funders, principally USAID/SA.

With substantial support from USAID/SA, it is clear that EOC made a substantial contribution to the development of black human resources in skill areas critical to South Africa's development. For example, a substantial proportion of the black engineers in South Africa were trained through the USAID-funded program administered by the EOC. This is a notable achievement when one considers that statistics from 1991 show that only 3.4 percent of South Africa's engineers were black (only 1 percent, if one specifies Africans). USAID joined with the World Bank to fund the Macroeconomic Policy Analysis Program, the first effort to train and equip a cadre of blacks with skills in macroeconomic policy development and design. In the education field, many specialists who today are in fields with high demand were trained through USAID-funded programs, including curriculum development specialists, education technologists, and education administrators.

With USAID support, the EOC has also been instrumental in enhancing institutional capacity at traditionally black universities and in educational NGOs. By working with direct scholarships, USAID adhered to the restriction against working directly with South African Government-funded institutions and supported several vehicles for bolstering black university staff development and capacity expansion. The vehicles include the University Linkages Programs, the U.S./South African University Faculty Skills Enhancement Program, and a new project, the Tertiary Education Linkages Project (TELP). Through these programs, the Mission has gradually helped to reverse a situation in which most black staff at these universities have degrees and positions junior to their white counterparts and less research experience. An evaluation report indicates that black university faculty recognize the leadership role played by the EOC, through funding provided by USAID, in developing institutional capacity. Through EOC's Career Development Fellowship Program, university administrators from black institutions have been able to forge professional links with colleagues at American institutions and enhance their administrative skills and systems knowledge.

USAID/SA's long-term partnership with EOC, a partnership that has provided EOC with a major source of ongoing funding and hence stability, has given the Mission a vehicle through which to further its commitment to black education and a valuable source of consultative advice. While this relationship has not always gone smoothly, it has been of substantial benefit to both parties, and USAID/SA deserves credit for helping to build a major black-led NGO that continues to play a major role in education policy debates and formulation while it delivers bursary and training support to hundreds of deserving disadvantaged South Africans each year.

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[4] Monica Menell-Kinberg, *United States Scholarships for Black South Africans, 1976-1990: The Politicization of Education* (Ann Arbor, Michigan: University Microfilms International, 1991), 115.

IV. RELATIONSHIP TO CAAA GOALS

EOC's success in significantly expanding the cadre of educated, competent black South Africans has been a major resource for empowerment and community development, as envisioned in the CAAA. USAID/SA's long-term investment in these activities, launched at a time when it was not clear when this would pay off, has become a major contribution, which will continue to develop over the years.

V. LESSONS LEARNED

USAID's support of the EOC, and its assistance in the EOC's growth into a major, national NGO, is a good example of the long-term developmental impacts that can be only achieved through an ongoing commitment to a sustained project activity. Under the guidance and constraints of the CAAA, long-term degree scholarships represented a plausible and effective strategy for black empowerment and institutional capacity building.

Further, as EOC grew in size and complexity, took on more staff, opened regional offices, and accepted funds from more than 20 different sources, it experienced many of the predictable organization and system development problems that confront any such rapidly expanding NGO. At these times, USAID/SA was able to offer support, encouragement, and technical assistance in areas such as automated data and records systems, all of which helped to strengthen the EOC.

Finally, the experience of more than 1,000 black South Africans in studying in the United States also has substantial benefits for both sides, and as these EOC graduates assume positions of increasing responsibility in government and private-sector positions, their experience and contacts in the United States will surely prove of value. As Americans debate the utility of foreign assistance, the cost-benefit of projects such as Training for Disadvantaged South Africans, under which EOC was funded, can prove quite instructional.

VI. THE FUTURE

As South Africa embarks on its post-apartheid future, its tertiary education system, and perhaps in particular, its historically black universities, face a period of extreme uncertainty. Within this context the EOC has a major role to play in offering ongoing and creative new initiatives to meet the evolving human resource needs of the nation and to serve as an ongoing voice for the value and concrete benefits of such education and training.

Like other South African institutions, the EOC too must change with the times, developing efficient structures to effectively compete in a new context in which donors will offer scholarships directly to universities and funding support directly to government. It remains for the EOC to prove its ongoing relevance by parlaying its long-established systems and operational base, and even its resource pool of several thousand alumni, as assets in creating new strategies

for fund-raising and income generating schemes. If, however, the organization maintains its traditional posture in this new environment, it may find its program and funding base rapidly eroding.

THE INDEPENDENT BUSINESS ENRICHMENT CENTRE

Date Founded:	1989; formally registered as a section 21 organization in 1990
Location:	Head office in East London. Regional Offices: Border Region (East London), Natal Region (Durban), Transvaal Region (Johannesburg), Eastern Cape Region (Port Elizabeth), and Western Cape Region (Cape Town)
Purpose:	To provide advice, technical assistance, and training and loans to disadvantaged black South African entrepreneurs, who are usually denied access to such support and capital, to assist them in business growth and development. The transformation of micro- and small-sized enterprises, spaza shops, and other businesses in the informal sector into larger, formal-sector enterprises will create new jobs and enhance black economic empowerment.
Target Population:	Disadvantaged black South African entrepreneurs
Average Annual Budget:	R4,580,000 (1994 actual); in 1992, the first year of USAID funding, IBEC's annual budget was R2,570,000

I. BACKGROUND

One of the most devastating and lingering effects of apartheid has been the systematic exclusion of black South Africans from meaningful participation in the economic life of the nation. Black entrepreneurs have faced and continue to confront significant obstacles in establishing and maintaining businesses, including a lack of access to credit and capital, a lack of facilities and infrastructure to support business development in township areas, and a lack of access to training and educational opportunities and to professional business counsel and advice. To a large extent, the success of the Reconstruction and Development Programme is tied to the degree to which disadvantaged South Africans are able to assume an increasingly significant role in the economy.

The Independent Business Enrichment Center (IBEC) was formed to serve as a development resource for disadvantaged black entrepreneurs. As a national, black-led NGO, IBEC provides business loans and business development support services to facilitate the growth, formalization, and success of black micro-, small-, and medium-sized enterprises, including those operating in the informal sector.

II. DESCRIPTION OF GRANTEE

IBEC grew from the initial work of Reggie Naidoo, Gideon Sam and Malgid Ntlebi, who, in 1989, became concerned with the failure of the formal business community in East London to fulfill its rhetorical commitments to assist in black enterprise development. Following consultation with retrenched workers and spaza shop owners in Mdantsane, Mr. Naidoo, Mr. Sam and Mr. Ntlebi helped facilitate the establishment of a Spaza Association, which included a savings group and a central warehouse, later destroyed during the unrest involving the struggle with the Ciskeian homeland government.

Based on this experience, and encouraged at a National African Federated Chamber of Commerce and Industry (NAFCOC)/ANC conference to move ahead in the areas of job creation and microloan development, Mr. Naidoo began the process of organizing and formalizing IBEC, working out of small donated office space provided by the East London Chamber of Commerce and a first, six-month donation of R2,000 per month provided by Mercedes-Benz. Following the conduct of two conferences concerning the national and local economies, which were supported by the local business community, a board of directors was appointed, with Ray Suttner elected as the first Chair. An initial grant of R25,000 from the Energos Foundation for loan capital began the program of credit and development for disadvantaged entrepreneurs.

As of January 1, 1994, IBEC reported that it had issued R5,835 million in loans to 1,225 disadvantaged entrepreneurs, with the average loan amounting to R4,760. In keeping with its commitment to increase the participation of women in the economy, during 1993, approximately two-thirds of IBEC's loans were to women entrepreneurs. IBEC asserts that this credit activity has resulted in the creation and/or maintenance of more than 6,100 jobs nationwide, thereby positively affecting 31,000 South Africans from disadvantaged communities.

IBEC's Board of Directors is chaired by Mr. Sam and includes Mr. Naidoo (Chief Executive Officer), Prof. Louise Tager, Patrick McLauglin, Ayanda Mjekula, Mluleki George, Bobby Makwetla, and Enver Motala. In addition to Mr. Naidoo, the head office executive team includes Eugene Jooste (Financial Manager), Roland Hein (Operations Manager), and Malgid Ntlebi (Community Relations Manager). IBEC's five regional offices comprise a staff of 28, including branch managers for each site and business development officers who provide outreach and direct services to IBEC's clients.

During 1993, IBEC's revenues increased 90 percent over the previous year (with operating expenses increasing 80 percent), due to major funding inputs from USAID and the Independent Development Trust (IDT). Other donors included the Durban City Corporation, the Kagiso Trust, and a number of corporate donors. During 1993, staff salaries amounted to 40 percent of operating expenses, a significant decrease from the 55 percent in 1992.

Despite its rapid growth, IBEC continues to view itself as a "grassroots development institution" firmly committed to the uplifting of South Africa's disadvantaged populations through the provision of counseling, motivation, basic enterprise education, and, where appropriate, loan

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financing. All businesspeople receiving IBEC loans are required to take a business skills course adapted from material developed by the Fort Hare University Management Institute. IBEC has trained more than 1,000 persons through this process, charging a course fee of R20.

ORGANIZATION PARAMETERS

Time Period	USAID Funding (R)	Total Budget (R)	No. of Staff	No. of Beneficiaries
1991	0	980,000	10	120
1992	1,200,000	2,570,000	40	200
1993	1,200,000	10,200,000	48	1225
1994 (through Sept.)	700,000	4,580,000	50	1000

On June 23, 1992, USAID entered into an agreement with IBEC obligating an initial $500,000 (through June 30, 1993) toward a four-year grant estimated at $3,000,000 and aimed at significantly strengthening and expanding IBEC's capacity to serve the disadvantaged business community. In May 1993, this agreement was amended to increase the obligation to $1,500,000, which it was estimated would cover eligible program expenses to April 30, 1994.

III. EFFECTIVENESS AND IMPACT

IBEC stands as one of the few black-led NGOs with national scope that is attempting to address these disparities. Not even five years old, in 1994, IBEC operated its head office and five regional offices with a budget of more than R4,500,000, employing a staff of 50 and providing direct services to approximately 1,000 entrepreneurs across the country.

USAID has played a pivotal role in IBEC's development and expansion, providing funding for operating costs, systems and infrastructure development, and loans. With USAID assistance, the organization has been able to broaden its base of support, increase operational efficiency, enhance staff training and capacity, and significantly increase its loan portfolio. With USAID support, in 1993, IBEC was able to open new branch offices and to expand its loans issuance from R1,000,000 to R5,800,000.

The four-year USAID/IBEC grant agreement of 1992 sets specific ratios for USAID funding as a percentage of total revenue, and approximate targets for program output include the provision of support to over 8,300 businesses, the disbursement of R24,000,000 in small loans, and the

creation of approximately 13,000 jobs. The agreement also establishes specific interest rates and floors for all IBEC loans to its clients, sets write-off policy, and requires the installation of automated credit management and general accounting systems. It further sets a declining USAID Matching Ratio whereby USAID match-funds IBEC's loans based on quarterly performance criteria. These requirements have been instituted to encourage sound business management and preclude dependence on USAID funding. IBEC anticipated receiving an in-depth midterm evaluation of its USAID-funded programs during October 1994.

After a significant expansion of services and sites in 1993, IBEC is now in a period of consolidation and development, seeking to improve its management systems in order to provide enhanced client support and tighter loan monitoring. The general condition of the South African economy and a failure to receive IDT funds at a rate that would offset the 13 percent interest rate on Development Bank of Southern Africa (DBSA) borrowing have also caused a cutback in the rate of increase in IBEC loans. With the hiring of new staff who bring to the organization greater technical proficiency, and the refinement of operational and administrative systems, IBEC is confident that it can play an increasing role in the development of small disadvantaged businesses and anticipates the need to assist black entrepreneurs wishing to develop further with larger and longer-term loans.

Economic empowerment of the majority populations must go hand in hand with political democracy if South Africa is to successfully overcome the legacy of apartheid. As an organization developed from the grass roots in the Eastern Cape, one of South Africa's often neglected and truly impoverished areas, IBEC stands as a model of a black-led NGO that combines commitment to community development with professional expertise in business development and finance. Site visits to IBEC-supported small businesses in the city and townships—including a highly successful beauty shop; knitting, sewing, and dressmaking businesses; upholstery, cabinet, and metal workshops; a retail phone store; and a large, woman-owned tavern that developed from a much smaller shabeen—all testify to the way in which sound, strategic business development advice and training and access to capital can help facilitate and nurture black economic empowerment and build employment.

IV. RELATIONSHIP TO CAAA GOALS

The Comprehensive Anti-Apartheid Act (CAAA) legislation notes that victims of apartheid need assistance to assume their rightful place in the South African economy. As authorizing legislation, the CAAA has thus highlighted black economic development and empowerment as a key area of focus for USAID/South Africa programming. USAID funding for IBEC, a black-led nongovernmental organization (NGO) concerned with enhancing meaningful black participation in the economy, is certainly in conformance with this directive.

V. LESSONS LEARNED

Despite the serious ongoing problems that confront black entrepreneurs—including crime and violence in the townships; the generally poor state of the South African economy; the lack of infrastructure, transportation, and resources; and the persistent problems of undercapitalization and denial of access to credit due to a lack of assets and lingering institutional racism—IBEC and its clients have demonstrated that a professionally competent business development NGO, with strong community linkages, can provide financially sound loan services that succeed in developing small-, micro-, and, perhaps soon, medium-sized black-owned businesses. IBEC views itself as being on an increasingly sound administrative, managerial, and financial footing and is positioning itself to become self-sustaining in the midterm.

USAID's contribution to IBEC was critical in its timing and amount and, through the rigorous terms of the grant agreement, further served to facilitate a significant expansion and professionalization of IBEC's operations.

VI. THE FUTURE

At the midpoint of its grant agreement with USAID, IBEC, like all South African NGOs, must find its way in a rapidly changing and uncertain landscape. Following a period of extraordinary expansion, its emphasis on consolidation and systems improvement during 1994 should be extremely beneficial, and IBEC appears to be a solid and sustainable organization. In truth, however, the issues confronting black economic empowerment remain as daunting as ever, and it may well require several more years of donor support before IBEC can reasonably be expected to be sufficiently capitalized to carry on independently and make a significant impact in this area.

MAMELODI THEATRE ORGANIZATION

Date Founded:	1985
Location:	Mamelodi West, Pretoria
Purpose:	To promote the arts in Pretoria and its immediate surroundings
Target Population:	Residents of Pretoria and its surroundings
Average Annual Budget:	Approximately R200,000

I. BACKGROUND

The lack of investment by the previous government in all aspects of black education, including the arts, has led to an environment where not only are there almost no facilities for the arts in most black communities, but an awareness of the role of the arts in educating communities and in addressing community problems desperately needs promotion. South Africa's black townships have a long history of utilizing the arts to build community solidarity and pride; to preserve traditional arts and culture; to provide an outlet for talent and an avenue for energies and frustrations; and to provide a vehicle for political expression and mobilization. Small, community-based arts organizations, often using only volunteer staff, helped sustain black communities during some of the most terrifying days of apartheid. In poor townships, where many residents do not have access to television or radio, and where many are unable to obtain newspapers or are illiterate, arts organizations (such as theatre groups), which provide outreach into the schools, churches, community centers, and hostels, have been an important vehicle for promoting anti-violence, anti-drug, HIV/AIDS prevention, and human rights and voter education campaigns.

II. DESCRIPTION OF GRANTEE

The Mamelodi Theatre Organization (MATO), a grassroots community-based organization, was founded in 1985 by a local Mamelodi artist in order to create a common structure for concerned artists to promote the arts in Pretoria and its surrounding areas. MATO is an excellent example of a small community-based organization (CBO), working on a shoestring with donated resources and community volunteers, which, over a 10-year period, has become a respected community institution. MATO views its task as one of stimulating, organizing, and promoting arts in Pretoria-area townships; identifying, developing, and utilizing local talent; educating artists and

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audiences; stimulating professional standards and attitudes in arts production; and generating and disseminating relevant information.

During the past 10 years, MATO has organized numerous theatrical performances, art exhibits, musical events, talent contests, festivals, and arts workshops, often in severely disadvantaged areas that generally offer no other organized recreational or cultural activities. These activities serve to bring arts into the community and to enable community members, particularly children and youth, to become involved in an organized artistic activity. MATO provides a central venue for arts production and for the interaction between the arts and the broader township community. In addition, it offers local artists a means through which to have their work seen and recognized. MATO thus serves as a community cultural center, training young people in theatre and dance and conducting presentations on critical community issues such as school problems and disruptions, unemployment, and problems of the elderly in the townships. In this manner, theatre becomes a means to enhance community development, political empowerment, and social change. MATO is not aligned with any political group and offers its services to all, irrespective of race, ethnicity, gender, or political affiliation.

The members of MATO's Board of Trustees are Small Mdaba, Mzwandile Skhosana, Mike Manana, Prince Dudu, Matha Skhosana, and Sina Sethokga. The members of its Executive Committee are John Sethokga, Calvin Ngcaku, Ceasatube Makhoere, B. Shaba, and F. Sibanyoni. MATO's director is Junior Makhoere. MATO currently has 80 registered members.

The U.S. Agency for International Development (USAID) first had contact with MATO in 1994. The South African Transition to Democracy Act of 1993, and its language pertaining to assistance to the election preparation process, formed the basis for the many grants USAID/SA made for voter education activities in the months leading up to the election. MATO was one of the organizations receiving these grants.

III. EFFECTIVENESS AND IMPACT

Perhaps the most effective way to assess MATO's effectiveness in delivering a valued service to its community is to recall its long-term viability as a grassroots, voluntary, community-supported organization. It was precisely because of its standing, reputation, and trust within the community that USAID/SA recognized in MATO an excellent means through which to present voter education services to disadvantaged South Africans who might otherwise not have received such assistance.

In February 1994, USAID/SA signed a grant agreement with MATO for $42,000 (through August 1994), to undertake voter education and related follow-up activities, using theatre and dance as the educational media, in townships in the vicinity of Pretoria and in the rural areas of what is now Gauteng Province. MATO had begun its voter education efforts in January 1994, and the USAID/SA grant enabled the organization to pay staff who had been working as volunteers until February. As evidence of the true community-based nature of this organization, prior to this

grant, MATO had not received outside funding from any source during its 10-year operational history.

Nine community members worked on the voting and democracy education project, and the group organized and performed a play, written by MATO's director, concerning voting rights and responsibilities. The group performed in 24 locations to approximately 20,000 people, all of whom were given informational posters, booklets, and pamphlets that had been prepared by nongovernmental and nonpartisan organizations such as Black Sash, the Institute for Democratic Alternatives in South Africa (IDASA), and Lawyers for Human Rights (LHR). They also were encouraged to share this informational and instructional material with others in the community.

The complete voter and democracy education program was three hours long, including the dramatization, which lasted 40 minutes and was performed in the best understood of nine local languages in the community where the program was conducted. The voting process was explained in detail with the use of a nine-step poster. Mock voting took place, questions were answered, and the posters and written materials were distributed. Many of the trainees were found to be illiterate during ballot paper exercises, but, nevertheless, only 200 papers were "spoiled" during the course of the training, indicative of success in explaining the voting procedures. In addition to presenting information on the mechanics of voting and related concepts such as the secrecy of the ballot, the MATO presentation also included information on democracy and the importance of political tolerance. During the weeks immediately preceding the elections, in an atmosphere characterized by great uncertainty and fear, the MATO staff, including its six voter education trainers, presented the program two or three times a day.

Feedback on the program was extremely positive. The voter education trainers reported that the majority of those participating in the program had no prior understanding of how to vote and that a number of farm workers had been threatened by their employers with termination if they were found to have voted. Similarly, quite a number of elderly people had become convinced that they would lose their pensions if they voted. The MATO workshop was able to dispel these fears successfully and provide factual information, support, and encouragement to the communities in which they conducted the program. Participants reported finding the presentation to be informative and interesting. Further, MATO's impartiality in conducting the training sessions was lauded by a number of school principals and teachers.

IV. RELATIONSHIP TO CAAA GOALS

While actually receiving its grant from USAID/SA *after* the repeal of CAAA and its replacement by the South African Transition to Democracy Act of 1993, nevertheless, the work of MATO can be seen as clearly consonant with the basic goals of the earlier legislation. MATO's voter education program literally assisted black South Africans in exercising their franchise and thereby formally bringing about the advent of democracy and the destruction of apartheid. The process

of community mobilization initiated by a grassroots, black-led CBO also clearly represents a building of black leadership and a strengthening of its institutions.

V. LESSONS LEARNED

MATO is an excellent example of USAID/SA's capacity to link up with community-based organizations and to enable them to provide a valuable service, such as voter education, which simultaneously draws on local groups' strengths in effectively accessing target populations and also builds capacity for future growth. In a way, the Mission's ability to identify, negotiate, and work successfully with such a small, genuine CBO, to assist it to conduct the critical work of voter education, may be seen as the culmination of an eight-year process of outreach and consultation. This was an arrangement that demonstrated trust and commitment on both sides. For MATO, which had never before received outside funding or conducted projects of this magnitude, the decision to accept Mission funding represented a major change in organization culture and structure, and one that was not without potential risks. For USAID/SA, the willingness to invest even a relatively small grant of $42,000 in an organization that had to that point never before received, expended, and accounted for such funds was a sign of its confidence in and ability to work with genuine community groups. That this arrangement worked so well for all parties—the most important of whom were the community members who were able to freely participate in a democratic election—must be regarded as an unqualified success.

At the same time one may speculate as to whether an earlier provision of support from donors could have led to much greater impact. MATO appears to have had the capacity to provide far greater service to the community than it ultimately had the time and resources to deliver. USAID did provide technical assistance to build the capacity of MATO through Private Agencies Collaborating Together (PACT) staff training. However, much of this training occurred after the elections and would have been more helpful up front.

VI. THE FUTURE

The success of MATO's voter education efforts has demonstrated its capacity to have an impact on the community, if it has the resources. MATO's agenda has always been to use arts not only as an end in themselves, but also as a means of facilitating community development and empowerment, and its initial experience in dealing with a relatively sizable donor grant positions it well for the future. USAID would do well to examine the possibilities of using groups such as MATO to accomplish other community education and human resource development objectives, thus building on initial small investments made in the context of voter education. At the same time, MATO must consider critically the trade-offs that might accompany an increased reliance on outside donor support and whether this would inevitably lead to a formalization of structure and services and some loss of its community base. This is the classic dilemma that confronts all successful CBOs and one which will continue to pose a challenge to the non-governmental sector during this time of transition.

NATIONAL LITERACY COOPERATION

Date Founded:	1989
Location:	Johannesburg
Purpose:	To create a network of nongovernmental organizations (NGOs) working in the field of literacy and adult basic education to provide a base from which groups can exchange information, share developments in the field, and build expertise within the movement
Target Population:	107 NGO members that conduct literacy and adult basic education work; 15 million illiterate adults (the majority of whom are rural women)
Average Annual Budget:	R2,000,000

I. BACKGROUND

The inadequate education that black South Africans receive is undoubtedly one of the worst legacies of apartheid. Basic statistics, such as state spending (four times higher for white children than for black children), student to teacher ratios (1 to 39 in black schools and 1 to 17 in white schools), and number of years of education (5 years for blacks versus 13 for whites), all indicate the severity of the situation. As a result, the illiteracy rate among black adults today is 70 percent, with 45 percent completely illiterate (less than one year of schooling), 25 percent semiliterate (one to four years of schooling), and 30 percent literate. (The majority of those who are literate have completed five to eight years of schooling, are literate in their mother tongue, and have a basic knowledge of English.) The implications of this educational deficit clearly are challenging to the new government because the possibility of sustaining any economic reconstruction and development without redressing the educational deficit is limited.

II. DESCRIPTION OF GRANTEE

Literacy NGOs have been active in trying to upgrade the quality of black education for many years, particularly since the mid-1970s. The Black Consciousness Movement focused on education, and, until the state banning of many of the active organizations in 1977, much valuable work was done. In the early 1980s, a number of new organizations were launched but with little coordination until 1986, when seven organizations met in Cape Town to discuss

collaborating. In 1989, the National Literacy Cooperation (NLC) was formally launched at a conference, and in 1990, the organization produced a document outlining its functions and composition. A parallel umbrella group (SAALAE) was established in 1991, causing rifts and conflict in the adult basic education field.

The NLC is an independent network of progressive literacy organizations working in the area of adult basic education and literacy. Its goals are to provide quality adult basic education, encourage institutions to do literacy work, and to act as a resource to all those in South Africa concerned with literacy. Organizations affiliated with the NLC subscribe to its guiding principles: to work to achieve a nonracial, nonsexist society in which there is an equitable distribution of the country's resources. To achieve these goals, the NLC sees its role as:

- Developing and researching methods to assist the work of member organizations in all areas of literacy and adult basic education.
- Providing skills training to member organizations to increase their capacity and heighten their impact.
- Providing a forum for member organizations to share and exchange information and expertise.
- Providing an infrastructure to member organizations to coordinate national programs on literacy and the provision of adult basic education.
- Providing information to and accessing resources for member organizations.
- Networking with other bodies, nationally and internationally, to inform and be informed about developments in the fields of literacy and development.
- Championing the cause of adult literacy by lobbying all the major players on issues related to illiteracy.
- Raising awareness on issues related to illiteracy and adult basic education in South Africa.

The NLC's goal is to facilitate and advance the provision of adult basic education for women and men, rural and urban groups, and marginalized groups throughout the country by working through its member organizations, which range from small community-based literacy programs to larger NGOs. The organization is structured around a National Council (made up of representatives from member groups) which meets once a year and elects the National Executive Committee. Regional Councils also convene annually.

The National Executive Committee consists of Patrick Mabude, Michael Abrams, Sheridene Hamilton, Ansie Scout, Nambita Mkunqwana, Geoff Marks, Luntu Makhohliso, Thabiso Moyo,

Jonas Monaisa, Oupa Tsimane, Sister Anne Kealy, Khali Nongogo, and Clement Modise. The National Director is Kumi Naidoo.

III. EFFECTIVENESS AND IMPACT

As a major voice in the field of adult basic education and literacy, the NLC has made a significant contribution through participation in and support of the principal policy initiatives in key education, labor, and political groups. In this way the NLC has efficiently mobilized resources to express the point of view of its constituency in critical forums. The NLC has itself also hosted a number of national information-sharing workshops on topics including English as a Second Language methodology, primary language methodology, other teacher-training issues, and curriculum development. One result of these workshops has been the establishment of a national curriculum and materials development unit of the NLC.

USAID has had two grant agreements with the NLC. The first was an institutional strengthening grant for $170,000, disbursed through the Education Support and Training Project and running from July 1993 to December 1994. Its goals were to enhance the coordination and development of literacy and adult basic education training programs on the regional and national levels. The grant provided support for a number of organizational requirements including salaries for three full-time employees, the coordination of national and regional meetings with affiliate members, administrative costs, audit expenses, and organization and staff development costs. The grant also made possible the development, publication, and dissemination of a national framework for the provision of literacy and adult basic education training that addresses such issues as curriculum and materials development, accreditation and recognition, program coordination, research and development, capacity building, and public information dissemination.

The second grant, for $69,000, was provided through the Community Outreach and Leadership Development (COLD) project and ran from February 1994 to August 1994. Its immediate goal was to provide voter education to illiterate and semiliterate disadvantaged South Africans. The NLC's longer-term aim is to develop an "education for democracy" curriculum to be used in a broader literacy curriculum. The NLC aims to instill in the electorate a culture of democracy through participation in the political process. The grant provided financial support to the NLC to conduct voter education to the target group and to deal with the problems associated with accessing this group at the national level.

Through this funding, the NLC delivered voter education services to its literacy groups in the 10 regions of the country. Each region has a voter education task force that coordinates with the national office and the task force identified its specific needs and priority tasks for its region. The members all have ongoing literacy programs, and these preexisting structures were used for voter education. The NLC liaised with these CBOs and NGOs to select and train voter educators from the community. Each region had a target of conducting a minimum of 30 workshops from February to April, 1994. In addition, the NLC developed voter education material specifically geared to the illiterate adult community. The goal was to translate the materials into six ethnic

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languages and to distribute them to all NLC literacy members, individual participants, and their families. The estimated target population for the entire voter education program numbered approximately 32,000.

The NLC reached an estimated 200,000 people through its voter education efforts. A national and regional evaluation showed great success, especially in access and activity in the rural communities. NLC member organizations produced valuable materials in the run-up to the 1994 elections, including:

- Lesson plans for ABE tutors produced by the Eastern Cape Adult Learning Project in Port Elizabeth.
- *Active Voice*, a biweekly newspaper, distributed to subscribing classes and in four free township newspapers, that included regular stories related to voter education and an 18-page special issue on voter education.
- Voter Education Comics, in five languages, produced by an NGO (Prolit) and distributed free to all member organizations.

A number of obstacles limited the success of the effort, including the late availability of the funds, which arrived only in February, making translation as planned impossible and limiting the scope of distribution. A number of provinces did not meet workshop target numbers due to logistical and capacity constraints. A number of member organizations that were facing financial crises could not provide the assistance to the effort that would have been most valuable. In addition, administrative support was lacking due to the fact that all task force members were acting as full-time staff, and many senior NLC staff members were assigned to the Independent Electoral Commission during this critical period.

IV. RELATIONSHIP TO CAAA GOALS

USAID/SA first provided funding for the NLC in August 1993, after the repeal of the CAAA and the enactment of the South African Transition to Democracy Act of 1993. However, the activities conducted by the NLC that were funded by USAID/SA were clearly consonant with the CAAA goals of peacefully hastening the end of apartheid and building black institutional empowerment. As major nationwide network of adult education and literacy NGOs, the NLC functions to enhance the capacity of its constituent organizations and to serve as an empowering voice for their perspectives and for the needs of the population of semi-literate and illiterate adults.

V. LESSONS LEARNED

USAID demonstrated that, with a limited investment of resources, it could build effectively on an established relationship with a valuable coordinating NGO to affect the voter education effort significantly. This represents a cost-effective way in which the Mission can contribute to the strengthening and development of more than 100 NGOs, through the support of their constituency organization. Further, it enables the Mission to help build what is now a major black-led organization that has taken a leading role in the discussions and debates around education policy and programs.

The NLC is a valuable institution with the potential to have a major and sustainable impact on the adult education sector. Through the NLC's capacity building and voter education grants, USAID has developed the basis for a sound cooperative relationship in the future. While it is clear that many factors were a constraint on timing for all players during the election preparation, the provision of resources by USAID/SA at such a late date certainly reduced the overall impact and effectiveness of these efforts.

VI. THE FUTURE

The current political environment creates a challenge for the literacy NGOs (and all others) as they shift their focus from political opposition to coordination and capacity building to achieve reconstruction and development. At a strategic planning workshop in late 1993, NLC defined its goals and objectives for the future: to become a national network with regional presence, assisting its membership to deliver the best possible services in the reconstruction and development efforts. In a 1992 evaluation, the Natal University Center for Adult Education concluded that the NLC could play a significantly increased role in developing its affiliates' capabilities, producing materials for primary language and English-as-a-second-language teaching, developing core curricula, training literacy trainers and tutors, and lobbying various political, business, and labor constituencies to advance the interests of the cause of adult basic education.

With the new government facing the task of overcoming the deficiencies of the old education system, the literacy NGOs represent an excellent resource for the development of the research, piloting, and innovative methods necessary to support a national literacy effort. Only the state has the wherewithal to have a significant impact on the 15 million people who need literacy training, but the NGOs can play a critical supporting role. NLC has demonstrated that it has the capability to coordinate the resources of a large sector of the literacy NGO constituency and, therefore, has a clear and valuable role to play in the future.

NEW SOUTH AFRICA HOUSING ASSOCIATION

Date Founded:	1992
Location:	Johannesburg
Purpose:	To organize and develop projects to provide affordable housing for disadvantaged South Africans
Target Population:	Low-income South Africans
Average Annual Budget:	R900,000

I. BACKGROUND

In 1985, more than 55 percent of the total black South African population, or at least 13 million people, were living in the country's cities. By 2010 the number of urban black South Africans will rise to 33 million, or about 70 percent of the projected total black population.

In 1990, more than seven million urban black South Africans were living in informal housing, including backyard shacks in townships and rapidly growing, unserviced squatter settlements. According to estimates, in 1993, from five to eight million South Africans were living in shacks. These figures imply an existing urban housing backlog of nearly one million units. Up to three million additional new units will be required to accommodate the projected increase of 20 million black city dwellers by 2010.

The new democratically elected government established a housing subsidy scheme which provides a capital discount of up to R7500 (about $2100) for low and middle income home buyers. This program represents a major expansion on a subsidy program initiated by the National Party Government in 1993. The Government program also represents a variation on a program of the Independent Development Trust (IDT) where about 100,000 site and service units were developed at a cost of R511 million ($146 million). Other non-profit organization projects to address the housing shortage have been launched including those of the South African Housing Trust, the Urban Foundation, and PLANACT. A fundamental problem to be addressed has been the lack of end-user financing because the purchasers, who are low income, must qualify for loans which only come into effect when the units are sold by the developers. The problem is that the subsidies are effectuated only upon completion of the projects, which means that with few exceptions, only very large, established construction firms and developers have been able to take

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advantage of the indirect benefits of the major Government subsidy scheme. This is not withstanding a stated intent in the government's policy that the subsidy programs should benefit emerging African-owned enterprises.

II. DESCRIPTION OF THE GRANTEE

The New South Africa Housing Association (NSAHA) was established in 1992 by Dr. Nthato Motlana at the behest of Dr. Nelson Mandela. NSAHA is a non-political association committed to alleviating the massive housing problem in South Africa. Upon deciding to form NSAHA, Dr. Motlana put together a highly qualified, nonracial Board of Directors for the organization and incorporated it as a Section 21 company. Since then, the Board has concentrated its efforts on consulting with communities to determine appropriate housing types and on examining land availability in the greater Pretoria/Witwatesrand area to determine suitable areas for the construction of affordable houses. This work has been done by the board on a volunteer basis.

NSAHA made the decision that its efforts should be coordinated with other organizations important in the housing and development field. NSAHA established working relationships with the Development Bank of Southern Africa (DBSA) and the South African Housing Trust. The three organizations have agreed that, for NSAHA-supported projects, NSAHA will become the developer, the South African Housing Trust will become the agent providing land purchase monies, and the Development Bank will provide infrastructural costs (e.g., development of roads, sewerage, etc.).

In order to conduct its program, NSAHA requested USAID/SA assistance to establish and staff an office in Johannesburg and set up a fund to be used for investigating and developing low-income housing projects.

The initial Board of Directors of the organization comprised corporate leaders as follows:

- **Dr. N. Motlana,** medical practitioner, founder of the Civic Association and well known community leader.
- **Mr. Bobby Makwetla,** Vice Chairman, Director of Tiger Oats, a large company in South Africa and well-known supporter of black initiatives.
- **Mr. Windsor Shuanyane,** Director of South African Breweries, a large company in South Africa.
- **Mr. Gabriel Makgoko,** former Executive Director of the National African Federated Chamber of Commerce and noted private businessman operating in the northern Pretoria.

- **Mr. George Negota,** businessman and lawyer, presently working with Edward Nathan, a well-known and respected legal firm in Johannesburg.

- **Mr. Eric Ngalesa,** Executive Director of Masakane, an organization which coordinates and represents over 250,000 squatter families in South Africa.

- **Mr. Dan Moshugi,** also a Director of Momhle, another organization which in concert with Masakane, works with 250,000 squatter families in South Africa.

- **Mr. Sebe Msutwana,** consultant to the Board, who, as an architect with a Civil Engineering degree, advises the Board about proposed projects.

- **Mr. Bob Tucker,** a well-known figure in housing in South Africa and a consultant to the New South Africa Housing Association.

- **Mr. Alan Wentzel,** the auditor of the New South Africa Housing Association, a businessman who works closely with the black community.

- **Mr. John Rees,** organizer and person involved in a significant number of housing uplift projects.

A. Purpose of USAID Support

USAID/SA support was provided to enable the actual launch of NSAHA. For this purpose, the Mission awarded NSAHA a grant of $400,000 over a three-year period (August 1992 through July 1995). The funds provided for:

- Establishing an office and purchasing necessary equipment;
- Core staff salaries and travel; and
- Investigating and developing potential projects for affordable housing in South Africa.

B. Budget, Staffing, and Beneficiary Levels

Although it has leveraged necessary resources from the DBSA and the South African Housing Trust, as of this writing, USAID/SA remains the organization's sole source of funding support for program and core operating expenses.

ORGANIZATIONAL PARAMETERS

NEW SOUTH AFRICA HOUSING ASSOCIATION	USAID Funding	Number of Staff	Number of Beneficiaries
1992	R900,000	5	*
1993	R900,000	5	*
1994	R900,000	5	*

* There will be no beneficiaries until the housing projects are implemented. The Sebokang project would benefit 1,000 families or 6,000 individuals

III. EFFECTIVENESS AND IMPACT

With funds provided by USAID, NSAHA established its core staff, set up offices, and made considerable progress in developing low-cost housing projects. NSAHA has also become an advocate in the field, being called upon in the many fora, addressing affordable housing in the wake of the development of national housing policies and the advent of a federally-funded housing subsidy scheme. NSAHA became quite involved in the housing debate, along with the Independent Development Trust and South Africa Housing Trust.

At the same time, NSAHA has been developing housing projects for which it was directly funded by USAID. The organization has been successful in putting together a project for 1,000 units in Sebokeng, located in the Vaal Triangle. The director, James Ngubeni, has drawn in financial institutions, and industrial groups wishing to sponsor housing for its employees and has worked extensively with the civic associations in the area. He reported that end-user financing, one of the questionable areas in the housing subsidy strategy, was promised via local banking institutions. A second project has also been developed in Protea South. However, the project has not yet received approval by the township to proceed. The Sebokeng project could proceed with construction, if financing were available. NSAHA has applied to USAID for additional funds and was waiting for a response at the time of this evaluation report.

IV. RELATIONSHIP TO CAAA GOALS

While focusing upon the dismantling of the apartheid state in favor of the creation of a system of nonracial democracy, the CAAA also seeks to facilitate the empowerment of disadvantaged South Africans and the provision of concrete assistance to apartheid's victims. By attempting to develop housing for severely disadvantaged communities, and to encourage the participation of black entrepreneurs in the housing development process, the activities of the NSAHA clearly express the intent of the CAAA legislation.

V. LESSONS LEARNED

NSAHA has received numerous favorable press reports. Documents and architectural models at the organization's offices bear witness to the success of the organization in putting together housing projects. The organization has not been able to break through, however, on the critical financing level. This is a stumbling block for most housing development attempts; there has been criticism of the government subsidy scheme because mainly well-established housing developers and construction companies, not representative of the disadvantaged communities, have won the subsidy bids because they have the financial clout to overcome the barrier of arranging construction financing.

VI. THE FUTURE

It is too early to determine if NSAHA will be able to overcome the constraints facing it to achieve full success. What is clear already, however, is that successful, affordable housing development must contend with a number of barriers; technical competency, community acceptance and financing at various levels (development costs, design costs, construction costs, end-user financing). Successful support of projects, in this sector, must take cognizance of all of these factors.

OPERATION MASAKHANE FOR THE HOMELESS

Date Founded:	1987
Location:	Johannesburg
Purpose:	To build and to improve low-cost housing in informal communities.
Target Population:	Low-income families.
Average Annual Budget:	R100,000

I. BACKGROUND

In 1990, more than seven million urban black South Africans were living in informal housing, including backyard shacks in townships and in rapidly growing, unserviced squatter settlements. These figures imply an existing urban housing backlog of nearly one million units. Up to three million additional new units will be required to accommodate the projected increase of twenty million black city dwellers by 2010.

Some of this backlog could be alleviated if the poor had better access to building materials and training so that they could construct their own homes. For many poor and homeless black South Africans, however, lack of this access is a major constraint to building even a simple shack. The major source of building materials now consists of waste materials from dumping sites and demolished buildings that have been collected and sold to the poorest of the poor at exorbitant prices. Moreover, the poor must frequently transport or carry the materials for long distances.

Compounding the supply problem is the fact that most severely disadvantaged South Africans have only limited knowledge of how to build a home. With just a few simple lessons in building skills, their ability to use their materials more effectively would be greatly enhanced.

The combination of better building materials and better building skills for homeless South Africans should result in decent, secure, and affordable dwellings for this segment of the population and could form the basis for a healthy family and community life.

II. DESCRIPTION OF THE GRANTEE

Operation Masakhane for the Homeless (OMHLE) started in Soweto in 1987 as a campaigning body against the forced removal of shack-dwellers. The organization later became involved in organizing the homeless communities. OMHLE claimed to have more than 600,000 members in 1992 of various political affiliations from homeless communities throughout South Africa. In April 1992, OMHLE sponsored the first general meeting of leaders of South Africa's homeless. Conference attendees agreed that timber frame houses are the most reliable and durable structures available that are affordable to the poor. OMHLE, therefore, decided to strengthen its relationship with the South African Lumber Millers' Association (SALMA). At this time OMHLE also resolved to initiate a program for establishing building material depots in homeless communities.

OMHLE Trust, which manages OMHLE's development activities, had already received funding promises for the establishment of housing materials depots in six homeless communities. The organization maintained that training and other arrangements had reached a stage where implementation of the depot scheme, in an additional 15 communities, could be achieved before the end of 1992, if funding were obtained. In addition, OMHLE Trust had identified and initiated communications with another 65 communities for future implementation of the depot program. OMHLE estimated that six to eight hundred community-based depots were needed in informal settlements throughout South Africa.

An activist in the informal housing community, Dan Moshugi, was the original project director for OMHLE. The chairperson was Dr. Manitshana. In 1992, USAID made a grant of $300,000 (to end in 1995) to provide support to OMHLE's program for opening and operating affordable building material depots in homeless South African communities. These depots were to benefit the homeless communities directly by providing low-cost building materials and training in building construction, and by serving as a nucleus for community-based uplift programs.

Through the USAID agreement, funding was provided for an estimated nine building materials depots in homeless black South African communities. The depots were to be owned and controlled by OMHLE Trust. Each local branch of OMHLE was to elect an advisory committee to ensure proper community participation in the implementation of the depot scheme. Each depot was to be staffed by four permanent employees: a manager, a sales officer, a cashier/bookkeeper, and a general assistant. The depots were to use casual labor for the offloading of delivery vehicles. The permanent employees were to be selected from the communities by the advisory committee.

Sites for the depots were to be made available to OMHLE at nominal or no cost by local development authorities. The materials for constructing the depots, which consisted of office space and shelters for the building materials, were to be donated by participating manufacturers and erected by the communities as part of OMHLE's training program.

The OMHLE Trust was to buy all the materials for the depots directly from factories through its centralized procurement office and was to pay for the initial stock for each depot with funds

received from donors. Transportation of the materials from the factories to the depots was to be included in the purchase price. As far as possible, all middlemen were to be eliminated.

An important part of the USAID Project agreement was that wages, salaries, administrative costs, property expenses, fuel, electricity, telephone, and so on would be paid by OMHLE Trust. OMHLE anticipated having a centralized and regionalized bookkeeping and accounting function for the depot that would be serviced by an accounting firm with regional offices.

Funding to pay for OMHLE Trust's cost to administer and manage the depot program would be collected from the participating material manufacturers in the form of fees for the right to sell their products in the depots. To ensure proper accounting and pricing of materials, monies from fees were to be separated from the cost of building materials.

The funds provided under the USAID agreement were to be utilized by OMHLE solely for acquiring initial stock and providing a secure perimeter for each of the estimated nine depots to be funded under the agreement. It was anticipated that security fencing and initial stock would cost approximately R80,000 per depot.

OMHLE carried out economic projections showing that minimal mark-ups over the costs of goods would be required to break even and sustain operations. Low-income consumers would save up to 50 percent over market prices for sawn timber and other new and used materials.

At the time that the grant was proposed and approved in 1992, OMHLE was a black-managed national organization that had begun in Soweto. The organization assumed it would be able to establish itself in other communities in order to implement its project. Apart from funding provided by USAID, OMHLE has received only modest funding from other sources.

III. EFFECTIVENESS AND IMPACT

OMHLE has not succeeded in achieving its current objectives, and the activity is currently being redesigned. The assumptions described above for the project do not seem to have been well thought out—the prices at the depots were not considerably less than those from alternative sources, and OMHLE was not able to go as easily as anticipated into other communities and establish followings as strong as in Soweto.

As a result, by 1994 the project was in trouble. Instead of nine depots, there were only two in operation. Only two other communities had volunteered sites free of charge for depots as opposed to the sixteen that were initially envisioned. One of the housing program officers at USAID described the situation as one in which outside funds were harmful to a fragile community organization. Because of the infusion of funds provided through the USAID grant, one group attempted to take over from the other in the organization, resulting in disruption and breakdown of the newly established management systems within the organization.

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In December 1994, a visit by an evaluator to the Bethlehem housing material depot, one of the two implemented through the project, found a demoralized staff of four who had not been paid since June 1994. They had been told that salary payments had been cut because of poor sales performance at the depot. They maintained that the depot had been stocked with materials that were not in sufficient demand to provide the depot with adequate cash flow. Up until that point the depot had built four timber houses.

At that time there had been a split in the organization. A new board of directors was constituted to work with the South African Community Development Agency (SACDA), under the leadership of Nick du Ploy. The new board consisted of influential people in the community, including Sally Motlana, a businesswoman and national president of the Black Housewives League and Dr. Saths Cooper, a well-known community activist who is a practicing psychologist and founder of the Family Institute. At the time of the evaluator's visit to the Bethlehem depot, there had been little improvement in the poor communication that characterized the program even though the employees were aware of the takeover and management by SACDA.

The staff maintained that too much money had been spent on noncritical materials and that no provision had been made for administrative costs. They were eager, however, to see corrections made. Also, a rival depot that appeared to be better funded was selling materials at lower cost. The staff indicated that the need still existed and that if materials were available, 200 homes could be constructed in the area at the cost of R12,500 per home.

Both USAID and OMHLE officials agree that the project was poorly designed from the beginning. It was a mistake to provide a capital grant without more rigorous examination of the assumptions; namely, that overhead costs would come from income and other donors and that OMHLE could organize itself and manage projects in other communities.

IV. RELATIONSHIP TO CAAA GOALS

Under CAAA, resources for empowerment were to be targeted to disadvantaged communities. As a black-led organization, OMHLE was selected for funding over other organizations because it represented the poorest, most disenfranchised of South Africans.

V. LESSONS LEARNED

This was one of USAID's initial funding activities in the area of housing. Extensive consultation was required to develop what was perceived as a truly community-based organization. The decision was made to fund this effort rather than numerous other housing groups that had requested much larger amounts of money. The outcome suggests that strategies must be vigorously assessed and that small amounts of funding may be ineffective for certain types of projects. In this case, organizational development assistance was clearly needed.

VI. THE FUTURE

USAID officials held several meetings with the former OMHLE national president, Dan Moshugi, and the current acting national president, Eric Ngaleza, to come up with a strategy to redirect the project. An amendment to the grant is being developed to include overhead and operating expenses as eligible costs for reimbursement. An audit was conducted of the materials purchased under the grant, and it was determined that there had been no misappropriation of funds by the organization. While the redesign and audit were taking place, USAID informed OMHLE Trust and the OMHLE national executive committee that new activities under the subject grant were to be suspended.

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THE SMALL ENTERPRISE FOUNDATION

Date Founded:	1991
Location:	Tzaneen, serving the Northeastern Transvaal
Purpose:	To provide credit for micro enterprises
Target Population:	Very poor rural communities
Average Annual Budget:	Data not available

I. BACKGROUND

Decades of racial discrimination in South Africa have marginalized black control over economic resources and severely restricted the entry of blacks into the mainstream of the economy. Though representing 75 percent of South Africa's population, the black sector contributes a negligible percentage to the gross national product and has been almost wholly shut out of critical areas such as mining, agriculture, manufacturing, and even retailing. While hopes of redressing these patterns have been raised by government and corporate reforms in recent years, black enterprise remains burdened by discriminatory practices and attitudes that are inimical to economic freedom, such as:

- Lack of access to term credit, equity finance, and other forms of capital.
- Lack of facilities and infrastructure in areas set aside for black business development.
- Lack of experience, skills, training, and professional support mechanisms.
- Shortage of trade and general business institutions to support and promote specific business sectors.
- Lack of access to wealth-generating resources such as land and fixed assets.

One of the worst and most obvious manifestations of apartheid in South Africa has been the economic disempowerment of blacks. In a land of rich natural and human resources with a technologically sophisticated economy, black economic participation has been systematically relegated to wage earning and small-scale retailing. The gap between the black and white

economies is huge and must be bridged if South Africa is to truly become a single nation possessing the potential for economic and political stability and justice.

For most of South Africa's history, the flow of finance, the lifeblood of all business, has been kept off limits to black business by racially discriminatory laws and attitudes. These practices limited property ownership by blacks denying them access to a prime source of collateral for credit. Blacks were proscribed from operating a wide range of businesses, depriving them of experience and exposure to management practices that would enhance their bankability. Decades of inferior education have left most blacks bereft of the skills necessary to deal with banks and other formal institutions. Separation of blacks and whites severely limited the ability of commercial bankers to understand black clients and their needs and vice versa. This legacy is particularly onerous for the small informal businesses that have proliferated in recent years as a result of deregulation and prolonged recession.

These problems, combined with the difficulty of directly linking informal business and the formal financial sector, have guaranteed that these two groups face each other across a gulf that neither can possibly bridge by themselves. The result is underutilized liquidity in the banking sector and a shortage of productive finance in the informal section. The Small Enterprise Foundation (SEF) was designed to bridge that gap.

II. DESCRIPTION OF THE GRANTEE

SEF is a majority black-directed nonprofit company and it was registered in July 1991, under Section 21 of the South African Companies Act of 1973. Its purpose is to facilitate loan capital flows to small black entrepreneurs in South Africa in order to alleviate unemployment and poverty in the black population in rural areas.

The primary objective of the foundation is:

> To provide micro-entrepreneurs with access to credit that will enable them to realize their potential and thereby to generate income and employment.

SEF now employs 23 staff members. The coordinators and field workers are from the communities being served. Thus far, 5,330 loans (R3,028,600) have been disbursed, with 94 percent of the loans going to women. SEF has not as yet had to write off any loan, and at the end of June 1994 there were no loans in arrears.

The Board of Directors of the Small Enterprise Foundation is as follows:

- **Nathaniel Ramalepe** is from the project area of Tzaneen. He is the principal of a local farm school and served on the management committee of the Ithusheng Community Association, a local community-based project founded by Dr. Mamphele Ramphele.

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- **Patrick Malatji** is the Project Coordinator of the Itireleng Educational Programme, a community-based organization located in Namakgale, Phalaborwa. He is also the Organizational Secretary of the Phalaborwa Civic Association.

- **Daphne Motsepe** is a senior manager with National Sorghum Breweries. She is also a director of the Get Ahead Foundation and was formerly its Deputy Managing Director. She has been involved in small and micro-enterprise development efforts for the past six years.

- **Gabriel Davel** is a Chartered Accountant and holds an M.A. in Development Studies with the Institute of Social Studies in the Hague. He is currently SEF's Director of Finance and Development.

- **John de Wit**, the Small Enterprise Foundation's Managing Director, has been involved in micro-enterprise credit programs for the past eight years. He was formerly with the Get Ahead Foundation. He was responsible for the initial launching, implementation, development, and management of the SEF.

- **Lin Anderson** was one of the members of SEF's founding Board of Directors. She resigned from the board in April 1994. She was the founder of the Get Up Fund, which was the first organization in South Africa to extend loans to informal sector businesses on a systematic basis.

A. Lending Methodology

Prospective borrowers are required to form groups of five people. This has analogies in the communities to "mogodisano," "umholiswano" or "stokvels"—all of which are forms of rotating savings and credit associations. When any member defaults on a loan the remaining members are required to take responsibility for the defaulting member's obligation. Five or six groups from the same area are combined to make up a "center." This enables the field workers to reach upwards of 30 people at each meeting and gives each field worker the capacity to work with more than 350 businesses.

Center proceedings are directed by a committee elected from the members and monitored by a field worker. The center concept also creates an agent through which the borrowers can mobilize in matters of common concern.

First-time borrowers are restricted to loans of R300, which must be repaid over five months. The borrowers then qualify for additional larger loans of R700, R1000, etc., repayable over 10 months. Interest is charged at a rate of R1 per R100 borrowed per every two weeks.

The groups are required to go through a four-week induction and training process before being eligible to apply for loans. When a group's application is successful, the loans are disbursed

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through direct transfer to the groups' savings accounts. Repayments are channelled through the centers and deposited by center members—SEF field workers have no access to cash.

Another principle of this scheme is that no loans are granted unless participants actively build up a savings fund—savings form part of the regular center proceedings—and each group has full control over its own savings account. This allows the borrowers to build up a fund on which they can fall back when faced with mishaps and tragedies.

Once a year the chairpersons of the different centers meet for workshops to discuss the overall policies that they believe SEF should follow. The recommendations from these workshops are then incorporated into SEF's procedures wherever possible. By this means, SEF is able to ensure that all participants have a strong influence over the foundation's policies.

SEF's founders believe that the program structure enables the communities that SEF serves to increase their sense of security and self-esteem not only through the loans provided, but also through encouraging good savings behavior—the centers also encourage community participation in the foundation. Participants thus gain control over their own lives in many ways that stretch beyond simply acquiring finance for business growth.

B. Purpose of USAID Support

USAID initially made a grant of $500,000 to SEF in April 1992 for a four-year period. The purpose was to enable SEF to strengthen its nascent organization and its financial structure and to expand its lending program to the disadvantaged business community. USAID subsequently amended the original agreement five times providing additional resources to SEF. Implementation of the program proceeded "exceptionally well," according to the action memorandum authorizing the first amendment in the first year of loan provision. From the time the first loan was provided in January 1992 to December of that year, SEF grew from zero loans to 1400 loans, making more than 200 loans above its original projection. More important was the quality of the portfolio, which had a repayment rate of 99 percent. The amendments brought the total amount obligated to SEF to $1,900,000.

C. Budget, Staffing, and Beneficiary Levels

SEF was a new organization when it approached USAID in 1992 for support. Its plan was to test its approach in a three-year pilot program in the Tzaneen area of the North Eastern Transvaal in order to modify its modus operandi and to provide a solid base for the expansion of its program. When SEF approached USAID, it was already successful in having raised R518,623 (about $148,178). The overall growth of the organization, the USAID funding as compared to total funding, the number of staff, and the number of beneficiaries are shown on the following chart.

ORGANIZATION PARAMETERS

Time Period	USAID Funding	Total Budget	No. of Staff	No. of Beneficiaries*
1991				
1992	532,270	791,256	7	3,184
1993	674,382	2,614,796	17	6,115
1994**	520,000	1,799,359	23	9,570

* Job opportunities created.
** January—June only.

III. EFFECTIVENESS AND IMPACT

SEF is unique among USAID grants in having an incentive-based compensation package in which SEF is rewarded for excellent performance by being able to draw down on the funds for its loan portfolio. SEF is also unusual in having projected from the outset that it seeks to be self-sufficient. The assessment report indicates that SEF's financial statements reflected considerable progress toward organizational sustainability. This was also demonstrated in the 1994 annual report.

USAID assistance has been pivotal to SEF's success in that its loan funds allowed SEF to leverage loan funds from other lending institutions at preferential rates.

On-site visits to beneficiaries by the evaluators in rural areas of Tzaneen demonstrated that this project was providing credit facilities to the poorest of the poor, to micro-entrepreneurs who otherwise would have been highly unlikely to have received any financial support. These are very small-scale businesses, some of them operating retail outlets in rural areas. The income received usually determines whether the family has an adequate diet, is able to send the children to school, or provides a decent standard of living. USAID support was instrumental in assisting the organization to prove its model, to consolidate itself, to set up its infrastructure, and to establish its loan fund in a competitive and realistic way for the beneficiaries. The original indicators of the project in the grant agreement set the following targets:

- Approximately 7,000 businesses would be supported and a like number of entrepreneurs would receive training.
- Approximately R14 million in small loans would be disbursed.
- Approximately 12,000 jobs would be created.

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- The infrastructure or funding base of an important institution would be expanded and strengthened to support a significant increase in capital flows to black businesses in the targeted areas.

- Funding from financial institutions for onlending to informal businesses would be mobilized.

By June 1994, halfway through the grant period, all of these indicators but one had been surpassed, and 17,500 businesses had been supported.

By June 1994, SEF had extended over R3 million in over 5,000 loans with a 99.9 percent on-time repayment rate. It was described in an amendment request as "a model credit delivery and savings system to emerging private-sector service providers for small micro-enterprises in South Africa."

The grant from USAID was designed to increase resource flows to black communities, to enhance employment opportunities substantially, particularly for women, to generate savings for SEF borrowers, and to increase SEF beneficiaries' exposure to commercial, financial, and private market mechanisms.

SEF was able to:

- Expand its infrastructure, prove its methodology, and broaden its outreach.

- Obtain funds for onlending from commercial and other financial institutions.

- Provide training on institutional financial relationships and simple business techniques to black South Africans operating in the informal sector.

- Make significant progress towards financial stability.

SEF achieved all of these goals. A 1993 assessment conducted by outside financial consultants found that "there is every indication that the credit program is highly successful . . . problems have been quickly addressed . . . SEF has an excellent loan monitoring system." The assessment concluded that SEF has been successful in developing a very good cost-effective operational and field supervisory level cadre to conduct an innovative lending program. SEF operates with a very tight central administration, keeping the ratio of operational costs to loan costs very low."

IV. RELATIONSHIP TO CAAA GOALS

The CAAA is unequivocal in its insistence that black South Africans assume their rightful place within all of the institutions of a democratic South African society and it recognizes that economic empowerment is a key component of this process. From the outset of the full USAID

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program in South Africa in 1986, black private enterprise was a major focal point. The 1988 Program Strategy Statement observed that, "through an interlocking web of laws, regulations, and entrenched practices, apartheid has for 40 years sealed off black economic opportunities and rigidly and artificially has divided a single country into two separate realities: a prosperous white economy and a black world of poverty. Reducing this economic disempowerment must be a central concern for a program aimed at ending apartheid, and it is also an important step in laying the foundation for a nonracial democratic society." Micro- and Small-Enterprise Development was one of four areas selected by USAID to approach black private enterprise. The objective was, among other things, to extend the access of small black entrepreneurs to the resources they needed to upgrade their skills base. The emphasis on economic empowerment and on the disadvantaged community made SEF a prime candidate for USAID support. SEF has consistently catered to the most disenfranchised of the disenfranchised—black women. Throughout the program, more than 90 percent of its beneficiaries have been women.

V. LESSONS LEARNED

It is instructive to note the way in which SEF represents a leveraging of USAID resources. Also, lessons learned from grants made under the "political" criteria of USAID during its early period are now applied to the "development" or current phase of USAID.

The founders of SEF learned from their experiences with the Get Ahead Foundation. They improved on shortcomings that they saw there. This provides a lesson about how programming benefits from long-term involvement in a sector.

VI. THE FUTURE

This program is being structured from the outset so that it will become self-sufficient in the medium term (i.e., within four to five years) through the income generated from the interest charged on loans. The directors believe that, with systematic expansion, SEF should be serving 7,500 borrowers by 1997.

SOCIAL CHANGE ASSISTANCE TRUST

Date Founded:	Formally organized as a trust in November 1984; registered in June 1985.
Location:	Headquartered in Cape Town, the Social Change Assistance Trust (SCAT) provides outreach technical assistance and funding primarily to rural community-based organizations in the Western, Eastern, and Northern Cape provinces.
Purpose:	Founded to provide support to often beleaguered and poorly funded community-based organizations active in the anti-apartheid struggle. Since its establishment, SCAT has expanded its activities beyond the Western Cape and has focused on the development and support of community organizations in deprived rural areas. Usually designated as "advice centers," these organizations play a critical role in empowering impoverished communities and enabling them to secure basic resources, rights, and services.
Target Population:	Grassroots community-based organizations (CBOs)
Average Annual Budget:	R5,137,343 (1995 actual)

I. BACKGROUND

The Social Change Assistance Trust (SCAT) is headquartered in a working class area of Cape Town and initially served community-based organizations (CBOs) located primarily in the Western Cape. It currently supports more than 70 projects (16 of which are supported by USAID funding), the majority of which are in rural locations. Most SCAT-supported projects are situated in the Eastern, Western, and Northern Cape provinces, with a sprinkling in rural areas of the Northwest, Orange Free State and KwaZulu/Natal provinces. A number of the communities served by organizations funded, and, in some cases, organized, with SCAT assistance are isolated and impoverished small agricultural outposts, towns, and fishing villages, many of which lack access to basic services and human rights protections.

II. DESCRIPTION OF THE GRANTEE

SCAT was organized in 1985 to provide a formal structure through which the Church of Norway could channel funds to grassroots community CBOs active in the anti-apartheid struggle. SCAT's volunteers identified worthy organizations in need of funding and provided small disbursements to these groups. Such financial support was provided on a broad, "nonsectarian" basis without regard to political affiliation. At that time, community-based NGOs were playing a central role in the opposition to apartheid's abuses and were under severe pressure and scrutiny from the government. Many of SCAT's activities, therefore, were conducted in relative secrecy and with only a part-time secretary as help. In this way, SCAT itself was very much a model of a small, low-cost, community-based activist NGO.

While initially organized as a funding conduit, SCAT quickly recognized that the CBOs that it provided with financial support needed other assistance in order to make optimal use of these resources and to strengthen their structure, operations, and effectiveness. In response to this need, SCAT began to deliver technical support and organizational development services to these grassroots organizations and, with this expansion of services, to formalize and employ staff itself.

With the increased momentum toward democratization, the freeing of political prisoners, and the unbanning of political organizations in February 1990, SCAT undertook an intensive reassessment of its role, structure, and mission. Based on this analysis, the organization decided to explicitly focus its efforts on providing support to grassroots organizations in economically deprived and often isolated rural communities. In 1994, SCAT provided technical and financial support to 71 CBOs, 53 of which operate solely in rural areas. During 1994, nine urban-based CBOs that SCAT had been funding were notified that this funding would conclude at the end of the year. By January 1995, SCAT expects to be supporting 75 organizations, of which 68 operate in rural areas.

SCAT is directed by a Board of Trustees that sets organization policy, provides oversight, and reviews applications for funding support. The Board consists of Di Oliver, Barney Pityana, Barry Streek, Mazwi Tisani, and Gordon Young; all have long histories of community activism and service. Mpho Ndebele, SCAT's Director, serves as an ex officio member of the Board. In addition to Ndebele, SCAT's staff includes a coordinator of finance and administration, an administrative assistant, a resource and media coordinator, and four field staff responsible for outreach and service delivery.

Prior to 1993, SCAT's funding came solely from the Church of Norway. In April 1993, to increase and broaden its funding base and to expand its services, SCAT entered into a two-year grant agreement with USAID/SA, under the Community Outreach and Leadership Development (COLD) project, to support core administrative and field operations. The initial grant of $260,000 was amended the following month to a total of $520,000 over a period of three years.

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ORGANIZATION PARAMETERS

Time Period	USAID Funding (R)	Total Budget (R)	No. of Staff	No. of Beneficiaries*
1992	0	R4,414,410	6	
1993-1994	R741,000	R4,992,539	8	
1995-1996	R819,000	R5,137,343	9	

* SCAT currently provides direct funding to over 75 organizations, each of which serves several hundred people.

III. EFFECTIVENESS AND IMPACT

Since June 1990, SCAT has focused on supporting "smaller, often struggling community projects in isolated rural towns." Lacking access to the resources found in the major urban areas, and often hampered by a lack of formal training and English language skills, these CBOs have been working, relatively unnoticed and unassisted, on behalf of some of the country's most disadvantaged and marginalized populations.

In working with poor rural populations, SCAT attempts to assist marginalized, exploited communities to gain control of the forces that govern their lives. In its 10 years, SCAT has developed an empowerment-focused organizing model to guide its work; while SCAT provides both funding and organizational development support, direction and control remain with communities and their grassroots organizations. SCAT field-workers work with community groups to enhance their internal structures and delivery capacity and to build a culture of democratic accountability. SCAT personnel stress their accessibility to the projects with which they work and view themselves as "partners in rural community development." Through patience, persistence, skill, and commitment, the field workers develop a relationship of trust with the local communities, serving as a catalyst for empowerment and development.

In deciding whether to provide funding and organizational support to a CBO, SCAT looks at four basic criteria. The organization must (1) be accountable to the community it serves, operate in accordance with a written constitution, and hold annual general meetings; (2) conduct projects that empower and develop the community rather than simply deliver services; (3) raise a significant portion of its funds locally; and (4) issue regular financial and program reports and audits. The SCAT development model combines funding support with technical assistance, making ongoing financial support contingent upon the CBO's achieving specific objectives according to an agreed-upon timetable.

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Small, fledgling CBOs not sufficiently developed to merit full funding are usually first provided with limited "seed money" with which to begin programs and build capacity. The SCAT field-workers,[5] trained in community development techniques and strategies, work with the CBOs to establish the structures, plans, and operations necessary to support more ambitious programs and to build and stabilize their capacity. At that point, the CBOs become eligible to receive consideration for regular SCAT funding.

In addition to financial and technical assistance, SCAT provides training opportunities for CBO staff, either through its own workshops (on topics including leadership skills, management, budgeting, and evaluation) or through funding to enable staff to participate in other training opportunities. SCAT also conducts yearly regional seminars, bringing together representatives of all its funded CBOs for training and networking and providing SCAT with feedback on its activities.

The majority of SCAT beneficiary organizations are rural "advice offices" (AOs), CBOs that were organized, initially in urban areas, to help local populations resist government repression and other human rights abuses in areas including tenants' and workers' rights. Rural AOs often serve broader functions, acting as a community's primary representative in securing basic services as well as providing paralegal assistance. In 1993, with the assistance of an outside evaluator, SCAT conducted an assessment of 13 of the 33 AOs it was assisting. The study found that the SCAT-assisted AOs, particularly those in small, isolated villages and towns, had achieved a significant developmental impact by providing services, organizing communities, protecting human rights, and building community participation and infrastructure. The AOs conducted education campaigns; provided educational, housing and social services; and were able to reach the poorest segments of the population, "the prime beneficiaries of AO work."

While the assessment demonstrated the beneficial impact the AOs had in their communities, it also revealed areas in which more assistance was required in order to further strengthen and sustain these CBOs. Particularly in urban centers, there was a need to build professionalism in management and service provision, to enhance local fund-raising, and to increase the number of women in leadership positions. In addition, as political democracy reaches the provincial and local levels, AOs must clarify their role as key representatives of civil society.

SCAT field staff continue to work with both fledgling and more established AOs and other rural CBOs to enhance their effectiveness and sustainability, to ensure their accountability and responsiveness to community needs, and to help empower their isolated and disadvantaged populations. CBOs report that the assistance they receive is critical in enabling them to serve their communities effectively.

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[5] SCAT field-workers spend two to three weeks each month in the field assisting the CBOs.

IV. RELATIONSHIP TO CAAA GOALS

The funding provided to SCAT under CAAA authority is being used to strengthen SCAT's infrastructure and administration and to expand services to severely disadvantaged and underserved rural communities. Thus, the USAID grant helps not only to build SCAT's capacity but also to strengthen rural, black-led CBOs and empower the communities they serve.

V. LESSONS LEARNED

SCAT is a good example of a development strategy in which USAID/SA funds an intermediary, "umbrella" organization, which then provides funding and organizational development support to numerous CBOs. By reaching into extremely deprived, rural communities and supporting locally run, sustainable community organizations, SCAT demonstrates the viability of a strategy that amplifies the developmental impact of the funding and brings it to the grassroots level. Through its support of SCAT, USAID/SA is able to build leadership and to empower isolated rural black communities that, due to staff limitations, it might otherwise be unable to assist.

VI. THE FUTURE

With the election of the Government of National Unity, South Africa's NGO sector faces a reassessment and redefinition of its role in civil society. In 1990, SCAT anticipated the importance of reassessing, redefining, and focusing its efforts and, through this process, prepared to play an important role in support of deprived rural communities, a major area of concern for the Government of National Unity's Reconstruction and Development Programme. By expanding its funding base to include USAID support, SCAT was able to begin to deliver services to additional communities and to stabilize and strengthen its operations and administration.

While SCAT has the vision, commitment, professional expertise, and administrative know-how to continue in this important role, the possibility of decreased support from its traditional donor, the Church of Norway, makes USAID assistance critical as SCAT moves to further expand and diversify its funding base. Ultimately, if SCAT is to continue to serve disadvantaged rural communities, it must, like its own CBO grantees, find local sources of support.

TRUST FOR CHRISTIAN OUTREACH AND EDUCATION

Date Founded:	1983
Location:	East London
Purpose:	To provide educational and community development services and capacity building to impoverished black communities in the Eastern and Western Cape and in Northern Transvaal, KwaZulu/Natal and the Orange Free States, through its eight regional organizations
Target Population:	Extremely marginalized urban and rural black communities
Average Annual Budget:	R10,764,655 (1994)

I. BACKGROUND

Working through eight regional, community-based organizations (CBOs)—Masifundise (Western Cape); Kahnyisa (Port Elizabeth and the Southern Cape); Masifunde (Grahmstown and the Albany District), Zingisa (Boarder District/King William's Town, Peddie, Mdantsane); Ilitah (Transkei); Community Care Centre (Pietermaritzburg and the Natal Midlands); Sedimosang (Bloemfontein and rural surroundings); and Itireleng (Northern Transvaal)—TCOE conducts a range of community development projects in extremely marginalized urban and rural black communities. The organization's headquarters, including its administrative and financial staff and national training unit, are located in East London's central business district.

II. DESCRIPTION OF GRANTEE

TCOE grew out of the process of mass community resistance and organizing that emerged in townships across South Africa in the wake of the student revolt of June 1976. Faced with an increasingly militant and organized movement of anti-apartheid community groups that had assumed many of the functions of local government, the South African government adopted the Fundraising Act and other measures designed to cripple the ability of anti-apartheid NGOs to secure financial support. In response, four community organizations in different regions of the country met under the auspices of the Federal Theological Seminary, which agreed to establish TCOE under its "protective umbrella," correctly assuming that the government would be reluctant to be seen attacking a religious institution.

Since then, one of the founding CBOs has disbanded while others have joined or have been organized by TCOE, and by 1990 the organization assumed its current configuration of eight regions and a headquarters office. During the early years, the various regions functioned as separate and independent branches, conducting community organizing and development activities appropriate to their communities, with the seminary serving as nominal figurehead. By 1986, however, the need to strengthen the constituent regional organizations in the face of severe government repression led to increased coordination and networking within the Trust and a shifting of many administrative and financial functions to the head office. By 1988, what had started as a somewhat fictive joining of separate entities had grown and evolved into a major national NGO, which continues to provide services and promote its vision of participatory development. Now strengthened and consolidated, TCOE has returned to its community-based emphasis and has begun a careful process of devolving much of the administrative and financial management authority back to its regional structure.

At the top of the TCOE organizational structure sits its National Council, comprised of representatives from each region, from the seminary, and from the national staff. The Executive Council of the organization's Board of Trustees is headed by noted human rights lawyer Wallace A. Mgoqi, who serves as TCOE National Chairperson, and includes Vice Chairperson B. Witbooi, National Treasurer R. Bulman, committee members Dr. M. Msauli and P. Dladla, and Trustees Dr. K. M. Mgojo and project representative V. S. Jacobs.

On the grassroots level, project participants elect members of project committees in each region, who, in turn, choose representatives to regional councils. An executive committee comprised of representatives of the eight regions, manages regional activities within the organization. TCOE staff are led by Nontobeko Moletsane, the organization's Director, and Deputy Director Rita Edwards.

Through its eight regions, TCOE conducts a broad array of community-led initiatives in some of South Africa's most economically and socially deprived areas. The RDP recognizes that community literacy is a critical prerequisite for genuine democratic participation and empowerment. It is estimated that the Trust is the largest NGO provider of mother-tongue literacy training in South Africa, developing workbooks and materials, developing and conducting training courses, and presenting grassroots literacy workshops in crowded urban townships as well as in remote rural villages. In 1992, for example, more than 2,300 adult learners participated in 101 literacy groups led by 119 TCOE tutors. In 1993, 2,864 adults participated in the literacy program.

An evaluation site visit to an adult mother-tongue (Xhosa) literacy class conducted by the Zingisa Educational Project in a small rural hamlet outside of King William's Town revealed a dedicated and enthusiastic group of learners. They ranged in age from young mothers with their babies in tow to elderly men and women. The participants, several of whom had never attended school, were extremely supportive of the classes and expressed pride in their accomplishments. The same village, which had been under protracted attack by the former Ciskei homeland government, also had launched two Zingisa-supported development project—a small piggery and a wind-generated water pump. Both held promise for economic growth in the community.

TCOE provides social and cultural programs for children and their parents that serve thousands yearly, conducts weekend and vacation schools and other tutorial services, and provides education and career guidance programs for black students. In 1992, TCOE bursaries funded 1,081 students from poor families who could not otherwise afford to attend school. TCOE regions establish committees of community representatives, teachers, and leaders to recruit applicants, review their needs, conduct interviews and home studies, and select bursars. Program beneficiaries interviewed in Zingisa spoke of how TCOE support enabled them to complete their education and find employment—several were now volunteers in the organization.

Since its initial grant award in August 1988, USAID/SA has obligated more than $3,795,000 in support of TCOE, funds that have been allocated through both the Mission's ESAT (education) and COLD (community development) projects. Keeping in mind that TCOE essentially constitutes eight black-led community-based organizations, this level of investment represents an average grant of $474,375 for each regional organization, or approximately $67,678 for each per year, excluding the head office. If we assume that administrative, accounting, fund-raising, and training functions at headquarters constitute a ninth organization, then the average annual USAID/SA grant level drops to $60,238 per operating component.

Of the R18,593,340 total grants and donations that TCOE received during the period 1988-1993, USAID/SA's contribution of R9,125,413 constitutes by far the largest share, representing just under half of the total. The next largest contribution over the course of this period—R6,943,244, from EZE (a German church-supported donor group)—accounts for 37 percent of the total. Smaller grants and contributions, ranging from R500 to R936,633 (from the Ford Foundation) were received from approximately 25 other sources including embassies, church groups, and a number of South African foundations. The overall growth of the organization, the USAID funding as compared to total funding, the number of staff, and the number of beneficiaries are shown on the following chart.

ORGANIZATION PARAMETERS

Time Period	USAID Funding	Total Budget	No. of Staff	No. of Beneficiaries*
1992	R2,037,671	R3,758,566	60	14,350
1993	R2,735,090	R4,892,872	60	15,500
1994	*	*	70	16,000**

* Awaiting 1994 Annual Financial Statement.
** Estimate, awaiting final year-end service data.

III. EFFECTIVENESS AND IMPACT

Throughout 11 years of government repression, political and civil violence, and massive political change, TCOE has been able to build a viable umbrella organization and to deliver critical services to tens of thousands of extremely disadvantaged South Africans. First, TCOE has effectively achieved its initial goal of protecting grassroots community organizations from government attack. Though one of the four initial constituent organizations disbanded due to internal disarray, new organizations joined the trust or were created to fill service gaps in disadvantaged communities, creating the present configuration of eight regions and a national head office. TCOE has thus developed into something still unusual in South Africa: a national, women-led, grassroots NGO that is able to reach into and provide services in extremely resource-poor black communities.

TCOE is also effective in its delivery of services to disadvantaged populations. As discussed above, the Trust has become a major provider of literacy training and plays an active leadership role in adult basic education policy and services. Each year, hundreds of economically deprived students are able to attend high school, technikons and universities, through TCOE-administered bursaries, and support and guidance received from its resource centers. Its self-help projects, such as sewing and knitting cooperatives, brick-making and radio and TV repair groups have involved more than 2,000 people. TCOE community-based children and youth programs have provided social, cultural, and educational services to thousands of young people.

While TCOE has long been recognized for its ability to provide services, the organization is also fundamentally committed to community-led organization and development. At its heart, TCOE has become a community development rather than a service delivery organization. The Trust's adoption of a clear, bottom-up planning process and philosophy—the People's Participatory Planning and Action (PPP)—has formalized this process and points a way forward for grassroots community development during the current period of national reconstruction and development. Further, its concern with gender issues, the development of women leaders, and the empowerment of South African women make TCOE an important force for social change in South Africa.

The report of the USAID-sponsored program evaluation of TCOE noted that "the problem areas that it tackles are so huge that it alone cannot make much of a dent on them."[6] Working in some of the nation's poorest, most deprived, and at times dispirited communities, TCOE regional organizations are indeed, fighting huge uphill battles. But even if several thousand bursaries, preschool classes or literacy training sessions may represent only a "drop in the ocean" in terms of the magnitude of need, from the perspective of community development and empowerment, the slow process of facilitating people's control over their lives must be assessed differently.

From evaluation interviews, site visits and through a review of organization documents, it seems quite clear that as a force for empowerment and social change, TCOE has made a positive difference in creating national structures in areas such as adult basic education and literacy, and,

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[6] Carl Brecker and Gavin Andersson, May 1993, *TCOE: Report of an Evaluation and Organization Development Consultancy*, p. 25.

through its PPP approach to community development, in helping to initiate the process of grassroots empowerment among severely disadvantaged communities.

IV. RELATIONSHIP TO CAAA GOALS

As an umbrella organization of eight black-led anti-apartheid CBOs, TCOE has offered an efficient mechanism through which the Mission could reach into and support severely disadvantaged communities and facilitate the creation of new development and educational models, materials, and techniques. As a major organization led by women and one that provides many services for women, TCOE has offered USAID/SA a means of supporting activities that benefit poor black women.

Funding for TCOE by USAID/SA under CAAA authority has had a substantial impact upon the organization. USAID/SA's initial obligation to TCOE in August 1988 came at a critical time in the organization's development, when it was attempting to strengthen and consolidate its management and expand its services in the face of heightened government repression. Through its support of TCOE, USAID/SA was able to further the CAAA goals of empowering black South Africans, assisting victims of apartheid, and enabling black South Africans and black-led organizations to obtain the skills necessary to assume their rightful place in South Africa's political, social, and economic sectors.

In 1993, USAID/SA provided funding to enable TCOE to commission a substantial program evaluation conducted by two outside experts. This in-depth analysis of the organization's mission, structure, operations, and outcomes brought into focus a number of issues and concerns. It facilitated the start of a "remissioning" project in which all parts of TCOE examined their strengths, weaknesses, and position in the new political environment, and the organization as a whole had the opportunity to address its future role systematically. The evaluation helped TCOE implement a number of management and program changes, including moving the head office from Pietermaritzburg to East London, and encouraged its conceptual evolution from a service delivery orientation to an empowering participatory development perspective.

In summary, as its major financial and technical supporter, USAID/SA has been central to TCOE's growth and evolution from a beleaguered association of anti-apartheid CBOs to a more integrated development-oriented national NGO. USAID assistance has helped TCOE become a major national grassroots NGO and an example of how, through linkage and integration, community groups can become mutually facilitative and supportive.

V. LESSONS LEARNED

The development of TCOE shows that small CBOs can effectively band together to create an umbrella that offers them all increased stability and support. In creating a long-term funding

relationship with TCOE, USAID/SA has demonstrated its ability to work with grassroots groups and to assist in their development over time. TCOE demonstrates the viability of a networked NGO model in which a central head office provides many essential management, fund-raising, and administrative services, leaving the branches a wide latitude for decision-making. From the Mission's perspective, it is also more efficient to administer a grant with one larger NGO than with eight or nine smaller separate entities.

At the same time however, the TCOE model presents some disadvantages related to the size of the organization and the distances between the component regions. While clear economies of scale can be achieved through such a confederation, tensions will always exist between a commitment to grassroots planning and central planning and administration. Moreover, as organizations grow larger, more resources must be directed toward internal maintenance, management, and administration. Such organizations then can become unwieldy or bureaucratic.

VI. THE FUTURE

As with all South African NGOs, TCOE faces an uncertain future within the new realities of the RDP and, like many of its fellow NGOs, has embarked on a process of self-assessment and "remissioning" to determine its role in the post-apartheid environment. A central aspect of this process is TCOE's decision to further decentralize its operations, with the headquarters office proving additional human resource, management, evaluation and financial administration services for the regions. Since much of the emphasis of the Reconstruction and Development Programme (RDP) is at the local and provincial levels, this decentralized structure should facilitate community-based planning, program development and access to funding support.

While the future is unclear, it seems reasonable to conclude that precisely because it *has* become a large, well-known national NGO with links to many structures and with roots in many communities across the country, donor groups and the RDP will have to find a way to continue their support. Yet, it is also clear that as an organization of and for the most dispossessed, resource-poor segments of the South African population, TCOE will remain dependent upon outside sources of support for its long-term existence.

Ultimately, TCOE's viability in the post-apartheid environment will be directly linked to its degree of success in actualizing the PPP. To the extent that its development programs derive from the democratic activity of an empowered community, it will generate a base of popular support that will be difficult to deny. Yet, public and private donors will need to recognize that as a programmatic voice of poor, historically disenfranchised communities, TCOE's community development initiatives will be slow, long-term, bottom-up efforts, unlikely to generate immediate returns or to be easily self-supportive. If, however, South Africa is to overcome the legacies of apartheid exploitation, it is in exactly such communities with such populations that true sustainable development must occur.

APPENDIX D

A CHRONOLOGY OF EVENTS

A Chronology of Events

South Africa

1976 through 1988

South African forces invade Angola, make periodic raids into Lesotho, Mozambique, Zimbabwe, and Zambia against ANC guerrillas; ANC guerrillas sabotage South African cities.

1982

Cyril Ramaphosa and others launch the National Union of Mineworkers (NUM), which soon becomes one of the most powerful black unions.

SADF special forces attack ANC supporters in Lesotho.

Black Local Authorities Act extends Community Council powers in townships.

ANC bombs the Koeberg nuclear power plant near Cape Town.

1983

United Democratic Front (UDF) and National Forum (NF) are founded.

P.W. Botha announces new constitution, receives support of 66 percent of white voters.

An ANC car bomb in Pretoria kills nineteen and injures 200. SADF repeatedly strikes at ANC targets in Mozambique.

Violence occurs between supporters of the UDF and Inkatha in Natal.

U.S. Foreign Policy

1981

Ronald Reagan is inaugurated as 40th President of the United States.

U.S. officials meet privately with UNITA.

South Africa launches major incursion in Angola. Chester Crocker arrives in South Africa to meet Foreign Minister Roelof (Pik) Botha. Crocker then travels to Angola to state that progress on Namibia is related to Cuban troop withdrawal from Angola.

Chester Crocker is appointed Assistant Secretary of State for African Affairs, initiates constructive engagement policy (81-86).

1982

Commerce Department relaxes regulations and controls under the Export Administration Act of 1979 that limited exports to the South African military.

Herman Nickel becomes Ambassador to South Africa.

State department cable regarding South Africa's intention of seeking IMF loan is leaked. Under public pressure, State asks South Africa to delay request until after annual IMF/WB meeting.

South Africa's IMF loan for $1.1 billion is approved.

AFL-CIO provides current list of projects in South Africa to State Dept. State provides additional funding for programs that "counter communist influence among trade unions abroad".

Crocker holds meetings with Soviet Foreign Minister Ilichev regarding Southern Africa.

1983

Housing Banking Committee passes the Patterson Amendment barring U.S. support for IMF loans to South Africa.

USAID Assistance to South Africans

1981 and Prior

Development Training for Southern Africans (Rhodesia & South Africa) 6900063 (1982)

Special Self-Help Development 674-9901 (1984)

1982

Training of Disadvantaged South Africans 6900213 (1991)

1983

Entrepreneurial Training for Disadvantaged South Africans 6900220 (1988)

University Preparation Program 6900230 (1987)

Labor Union Training for South Africans 6900233 (1984)

1984

P.W. Botha becomes State President.

New constitution gives Asians and Coloreds limited participation in central government; outbreaks of unrest occur in black townships in protest at black exclusion from new constitution.

South African and Angolan governments meet in Lusaka and agree to stop supporting guerrilla forces in each other's country. Angola and Cuba state the conditions for Cuban troop withdrawal: 1) South African withdrawal from Angola; 2) implementation of UN resolution 435; 3) an end to SA, US and others aggression against Angolan government; 4) an end UNITA external support.

With anti-government guerrillas gaining support and facing economic collapse, Mozambican President Samora Machel signs the Nkomati Accord with South Africa; SA pledges to stop REMANO and MNR support; Mozambique agrees to end assistance to ANC.

1984-86

Widespread resistance in black townships; Government sends troops to suppress violence.

1985

Congress of South African Trade Unions (COSATU) is formed.

International bank loans to SAG are called in and sanctions intensified.

UDF and other groups are prohibited from receiving funds and from criticizing government policies.

Massive rioting follows the shooting of black civilians by security forces in Uitenhage.

National Education Crisis Committee (NECC) calls for 'People's Education'.

Major violence erupts at Crossroads, near CapeTown. Conflict is fought out between the more conservative "fathers", and younger radicals, "the comrades".

SADF special forces are caught trying to blow up oil depots in Angola.

AWB march on Pretoria to protest government concessions to blacks and lack of action to crush violence in townships.

ANC Kabwe conference calls for people's war.

SA government proclaims a nationwide state of emergency after hundreds of deaths in township uprisings.

1984

Crocker leads negotiations that produce the Lusaka Accord. Crocker and Foreign Minister Botha meet to discuss South African withdrawal from Angola and the implementation of UN resolution 435, independence for Namibia.

D.C. Delegate Walter Fauntory, U.S. Civil Rights Commission Member Mary Frances Berry, and TransAfrica Director Randall Robinson are arrested after staging anti-apartheid demonstration at the South African Embassy.

Thirty-five House Republicans send letter to South African ambassador threatening to support sanctions.

1984-86

Grassroots anti-apartheid groups organize demonstrations and succeed in pressuring $220 billion in U.S. divestment from South Africa.

1985

U.S. representatives meet in secret in Vienna with South African officials to discuss increasing violence in South Africa and negative international reactions.

Ambassador Nickel is recalled following South African raids on Botswana and on Angola near U.S. oil installations. Embassy announces new public diplomacy policy that urges reform but without condemning SA government outright. Ambassador returns and formally urges the end of apartheid.

Congress approves economic sanctions and investment ban legislation. President vetoes bill but imposes ban on Krugerrands. Administration declares support for UNITA but denies provision of military assistance.

President signs Executive Order 12532 stating that SA is "an unusual and extraordinary threat" to U.S. interests in an effort to pre-empt congressional legislation.

Congress introduces bill authorizing humanitarian assistance to UNITA. Secretary of State asks Congress to oppose legislation. Asst. Sec. of State Crocker continues meetings with Angolan representatives.

Chase Manhattan Bank refuses to roll over loan to SA; foreign banks follow suit, setting off financial crisis in SA.

1985

South African Bursaries Program 6900230 (1988)

International Executive Service Corps 690023574 (1990)

Sullivan Signatory Association 690023575 (1990)

1986

Millions of black South Africans mount protest strikes to commemorate Soweto uprisings.

Pass Laws are repealed; thousands are detained; Government imposes second state of emergency. Government suspends domestic and international press, radio and television coverage township violence and police actions.

SADF attacks ANC targets in Botswana.

Government extends emergency legislation. During the next three years, over 20,000 people are held under the new laws passed under the state of emergency.

Students boycott classes. COSATU organizes walk outs; Government detains 250 union officials and restricts union activities.

1986-89

Widespread conflict between Inkatha and UDF in Natal.

1986

New York Times article reveals that CIA has been supplying information on ANC to SAG in exchange for intelligence of Soviet shipping and Cuban military actions in the region. President informs Congress of decision to provide UNITA with military aid. Angola calls off bilateral peace talks.

President reiterates his commitment to constructive engagement policy; is criticized by Congress, anti-apartheid proponents.

U.S. Ambassador to Zaire meets with senior ANC officials in the first formal meeting between the U.S. government and the ANC.

President extends limited sanctions in 1985 Executive Order 12532. Ambassador Edward Perkins is confirmed replacing Herman Nickel in South Africa. During hearings he states that he would not use the term constructive engagement to describe U.S./South Africa relations.

Congress passes bill that calls for extensive new sanctions, bans on new U.S. investment, and the release of all black political prisoners and "good faith negotiations". President vetoes bill. Congress overrides Presidential veto of the Comprehensive Anti-Apartheid Act. The Act earmarks assistance to assist victims of apartheid to be administered by USAID.

1986

Under Title II of the CAAA, *Measures to Assist Victims of Apartheid* the U.S. government is instructed to provide, among other things: 1) scholarships for black South Africans; 2) a special human rights fund; and 3) programs to expand black participation in the South African economy. The Senate Foreign Relations Committee Report specifically earmarks scholarships ($8m/87, $11m/88, $15m/all sub.); and the Human Rights Fund, ($1.5m) of which $350,000 is to be immediately issued for direct legal assistance.

Human Rights Fund-South Africa 674-9801 (1987)

1987

Three-week strike called by NUM by 340,000 African mine workers, largest since 1946.

Afrikaner academics meet leaders of the ANC in Dakar, Senegal. Chief Jonathan of Lesotho is overthrown in a military coup by General Lekyana. The Soviet Union and Cuba mount major resupply missions to Angola and the Cubans troop numbers rise to 60,000. Reverend Allan Hendrickse, leader of the Colored Labor Party, resigns from the government.

SADF invades Southern Angola; SADF and UNITA defeated by FAPLA and Cuban troops.

1987

The Secretary of State releases a report stating that constructive engagement has failed and making new policy recommendations including coordinated economic sanctions with Western allies.

Secretary of State meets with ANC leader Oliver Tambo.

President issues Executive Order 272 calling for "the earliest possible end to apartheid in South Africa" and NSC Directive 273 proposing responses to the violence in South Africa and describing the weakening of U.S./South Africa relations.

The 1987 Foreign Assistance Supplementary Appropriations Bills provides $40 million to SADCC projects.

The House passes the International Security and Development Coordination Act requiring the President to curtail military assistance to countries selling oil to SA and to persuade allies to apply sanctions.

The 1988 Continuing Appropriations Resolution provides SADCC with an additional $50 million but excludes Angola and Mozambique.

1987

Community Outreach & Leadership Development (COLD) 674-0301 (1995)

Educational Support for Black South Africans 674-0302 (1996)

Black Private Enterprise Development 674-0303 (1997)

Special Self-Help Development Fund 674-0304 (1988)

Human Rights Fund 674-0305 (1988)

Building Democratic Institutions 674-0306 (1991)

International Committee of the Red Cross 674-0307 (1990)

1988

KwaNdebele homeland resistance to forced "independence".

South Africa agrees to withdraw from Angola and to cooperate in UN-monitored independence process in Namibia.

South Africa intelligence assassinates ANC activist Dulcie September in France.

Tripartite agreement signed between Cuba, Angola and South Africa, aimed at securing Namibian independence and the end to the presence of Cuban and SA troops in Angola.

Two million workers stage nationwide walk out to protest proposed Labor Relations Amendments; SAG invites COSATU to discuss amendment provisions.

1989

P.W. Botha resigns because of poor health.

F.W. de Klerk becomes leader of the National Party and State President.

de Klerk announces plans for reform.

Mass Democratic Movement (MDM) launches civil disobedience campaign.

1990

De Klerk lifts bans on ANC, PAC and Communist Party.

ANC President Oliver Tambo returns to South Africa after 30 years in exile.

Nelson Mandela and other political prisoners are released from jail.

State of emergency ends except in Natal.

SAG repeals Separate Amenities Act.

Despite an appeal by Mandela to continue international pressure on government, EC lifts investment sanctions.

Namibia obtains independence; SWAPO forms first government.

Violence continues between members of the ANC and Inkatha in Transvaal and Natal. Over 2,000 are killed in conflict.

U.S. vetoes a UN Security Council Resolution calling for mandatory sanctions by member states arguing that sanctions should decided by individual members and not subject to UN mandate--despite the apparent contradiction of CAAA.

1988

The Foreign Operations, Export Financing and Related Programs Appropriations Act provides $50 million to SADCC, with continued restrictions on funds for Angola and Mozambique.

New House bill is introduced calling for amendments to CAAA that would require President to reach multilateral agreements with allies on economic sanctions against South Africa. Bill outlines import restrictions on countries and individuals that take advantage of U.S. sanctions.

Sec. of State Crocker and Soviet Deputy Foreign Minister Andamishin set September 1988 date for international accord on southern Africa peace settlement, including Cuban troop withdrawal from Angola and independence for Namibia. Date marks 10th anniversary of U.N. Security Council Resolution 435.

Representatives of the U.S., South Africa, Cuba and Angola reach agreement and announce immediate cease-fires in Angola and Namibia; continue talks on Cuban troop withdrawals and Namibian independence.

1989

George Bush is elected President of the United States. In his first foreign policy commitment, the President-elect congratulates UNITA on the tripartite agreement between South Africa, Angola and Cuba and promises continued assistance.

1990

1990

Support to Tertiary Education 674-0309 (1995)

1991

Repeal of Group Areas, Land and Population Registration Acts.

Convention for a Democratic South Africa (CODESA) formed to negotiate democratic constitution.

Government backing of Inkatha against ANC.

Mandela meets Buthelezi in an attempt to halt the violence. ANC holds its first conference in South Africa in thirty years in Durban.

Mandela is elected President of the ANC. Cyril Ramaphosa is named leader of the National Union of Mineworkers (NUM).

The MPLA and UNITA sign the Estoril Accord.

1992

CODESA reconvenes, meets disagreement among players on key issues, convention collapses.

White referendum supports CODESA negotiations but they are stalled as Inkatha-ANC conflict intensifies.

ANC, SAG, Inkatha request UN intervention in political violence.

1993

Multi-party negotiations resumed to form interim government.

1994

Nelson Mandela is elected President of South Africa in multi-party elections.

1991

President announces lifting of sanctions against South Africa imposed under the Comprehensive Anti-Apartheid Act (CAAA).

1992

Promotion of Democracy 674-0311 (Shelved)

Shelter & Urban Development Support (SUDS) 674-0312 (1994)

South African Basic Education Reconstruction (SABER) 674-0314 (1997)

1993

Tertiary Education Linkages 674-0315 (1999)

Training for Employment 674-316 (1996)

1994

Transition Support Fund 674-0318

APPENDIX E

COMPREHENSIVE ANTI-APARTHEID ACT OF 1986

SOUTH AFRICAN DEMOCRATIC TRANSITION SUPPORT ACT OF 1993

COMPREHENSIVE ANTI-APARTHEID ACT OF 1986

H. R. 4868

NINETY-NINTH CONGRESS OF THE UNITED STATES OF AMERICA

AT THE SECOND SESSION

Begun and held at the city of Washington on Tuesday, the twenty-first day of January, one thousand nine hundred and eighty-six

AN ACT

To prohibit loans to, other investments in, and certain other activities with respect to, South Africa, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1.This Act may be cited as the 'Comprehensive Anti-Apartheid Act of 1986'.

TABLE OF CONTENTS

Sec. 2. The table of contents of this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. Definitions.
Sec. 4. Purpose.

TITLE I - POLICY OF THE UNITED STATES WITH RESPECT TO ENDING APARTHEID

Sec. 101. Policy toward the Government of South Africa.
Sec. 102. Policy toward the African National Congress, etc.
Sec. 103. Policy toward the victims of apartheid.
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Sec. 106. Policy toward a negotiated settlement.
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Sec. 205. Labor practices of the United States Government in South Africa.
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TITLE III - MEASURES BY THE UNITED STATES TO UNDERMINE APARTHEID

Sec. 301. Prohibition on the importation of krugerrands.
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Sec. 314. Prohibition on United States Government procurement from South Africa.
Sec. 315. Prohibition on the promotion of United States tourism in South Africa.
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Sec. 606. State or local anti-apartheid laws, enforce.

DEFINITIONS

Sec. 3. As used in this Act -

(1) the term 'Code of Conduct' refers to the principles set forth in section 208(a);

(2) the term 'controlled South African entity' means -

(A) a corporation, partnership, or other business association or entity organized in South Africa and owned or controlled, directly or indirectly, by a national of the United States; or

(B) a branch, office, agency, or sole proprietorship in South Africa of a national of the United States;

(3) the term 'loan' -

(A) means any transfer or extension of funds or credit on the basis of an obligation to repay, or any assumption or guarantee of the obligation of another to repay an extension of funds or credit, including -

(i) overdrafts,

(ii) currency swaps,

(iii) the purchase of debt or equity securities issued by the Government of South Africa or a South African entity on or after the date of enactment of this Act,

(iv) the purchase of a loan made by another person,

(v) the sale of financial assets subject to an agreement to repurchase, and

(vi) a renewal or refinancing whereby funds or credits are transferred or extended to the Government of South Africa or a South African entity, and

(B) does not include -

(i) normal short-term trade financing, as by letters of credit or similar trade credits;

(ii) sales on open account in cases where such sales are normal business practice; or

(iii) rescheduling of existing loans, if no new funds or credits are thereby extended to a South African entity or the Government of South Africa;

(4) the term 'new investment' -

(A) means -

(i) a commitment or contribution of funds or other assets, and

(ii) a loan or other extension of credit, and

(B) does not include -

(i) the reinvestment of profits generated by a controlled South African entity into that same controlled South African entity or the investment of such profits in a South African entity;

(ii) contributions of money or other assets where such contributions are necessary to enable a controlled South African entity to operate in an economically sound manner, without expanding its operations; or -

(iii) the ownership or control of a share or interest in a South African entity or a controlled South African entity or a debt or equity security issued by the Government of South Africa or a South African entity before the date of enactment of this Act, or the transfer or acquisition of such a share, interest, or debt or equity security, if any such transfer or acquisition does not result in a payment, contribution of funds or assets, or credit to a South African entity, a controlled South African entity, or the Government of South Africa;

(5) the term 'national of the United States' means -

(A) a natural person who is a citizen of the United States or who owes permanent allegiance to the United States or is an alien lawfully admitted for permanent residence in the United States, as defined by section 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(20)); or

(B) a corporation, partnership, or other business association which is organized under the laws of the United States, any State or territory thereof, or the District of Columbia;

(6) the term 'South Africa' includes -

(A) the Republic of South Africa;

(B) any territory under the Administration, legal or illegal, of South Africa; and

(C) the 'bantustans' or 'homelands', to which South African blacks are assigned on the basis of ethnic origin, including the Transkei, Bophuthatswana Ciskei, and Venda; and

(7) the term 'South African entity' means -

(A) a corporation, partnership, or other business association or entity organized in South Africa; or

(B) a branch, office, agency, or sole proprietorship in South Africa of a person that resides or is organized outside South Africa; and

(8) the term 'United States' includes the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

PURPOSE

Sec. 4. The purpose of this Act is to set forth a comprehensive and complete framework to guide the efforts of the United States in helping to bring an end to apartheid in South Africa and lead to the establishment of a nonracial, democratic form of government. This Act sets out United States policy toward the Government of South Africa, the victims of apartheid, and the other states in southern Africa. It also provides the President with additional authority to work with the other industrial democracies to help end apartheid and establish democracy in South Africa.

TITLE I - POLICY OF THE UNITED STATES WITH RESPECT TO ENDING APARTHEID

POLICY TOWARD THE GOVERNMENT OF SOUTH AFRICA

Sec. 101. (a) United States policy toward the Government of South Africa shall be designed to bring about reforms in that system of government that will lead to the establishment of a nonracial democracy.

(b) The United States will work toward this goal by encouraging the Government of South Africa to -

(1) repeal the present state of emergency and respect the principle of equal justice under law for citizens of all races;

(2) release Nelson Mandela, Govan Mbeki, Walter Sisulu, black trade union leaders, and all political prisoners;

(3) permit the free exercise by South Africans of all races of the right to form political parties, express political opinions, and otherwise participate in the political process;

(4) establish a timetable for the elimination of apartheid laws;

(5) negotiate with representatives of all racial groups in South Africa the future political system in South Africa; and

(6) end military and paramilitary activities aimed at neighboring states.

(c) The United States will encourage the actions set forth in subsection (b) through economic, political, and diplomatic measures as set forth in this Act. The United States will adjust its actions toward the Government of South Africa to reflect the progress or lack of progress made by the Government of South Africa in meeting the goal set forth in subsection (a).

POLICY TOWARD THE AFRICAN NATIONAL CONGRESS, ETC.

Sec. 102 (a) United States policy toward the African National Congress, the Pan African Congress, and their affiliates shall be designed to bring about a suspension of violence that will lead to the start of negotiations designed to bring about a nonracial and genuine democracy in South Africa.

(b) The United States shall work toward this goal by encouraging the African National Congress and the Pan African Congress, and their affiliates, to -

(1) suspend terrorist activities so that negotiations with the Government of South Africa and other groups representing black South Africans will be possible;

(2) make known their commitment to a free and democratic post-apartheid South Africa;

(3) agree to enter into negotiations with the South African Government and other groups representing black South Africans for the peaceful solution of the problems of South Africa;

(4) reexamine their ties to the South African Communist Party.

(c) The United States will encourage the actions set forth in subsection

(b) through political and diplomatic measures. The United States will adjust its actions toward the Government of South Africa not only to reflect progress or lack of progress made by the Government of South Africa in meeting the goal set forth in subsection 101(a) but also to reflect progress or lack of progress made by the ANC and other organizations in meeting the goal set forth in subsection (a) of this section.

POLICY TOWARD THE VICTIMS OF APARTHEID

Sec. 103. (a) The United States policy toward the victims of apartheid is to use economic, political, diplomatic, and other effective means to achieve the removal of the root cause of their victimization, which is the apartheid system. In anticipation of the removal of the system of apartheid and as a further means of challenging that system, it is the policy of the United States to assist these victims of apartheid as individuals and through organizations to overcome the handicaps imposed on them by the system of apartheid and to help prepare them for their rightful roles as full participants in the political, social, economic, and intellectual life of their country in the post-apartheid South Africa envisioned by this Act.

(b) The United States will work toward the purposes of subsection

(a) by -

(1) providing assistance to South African victims of apartheid without discrimination by race, color, sex, religious belief, or political orientation, to take advantage of educational opportunities in South Africa and in the United States to prepare for leadership positions in a post-apartheid South Africa;

(2) assisting victims of apartheid;

(3) aiding individuals or groups in South Africa whose goals are to aid victims of apartheid or foster nonviolent legal or political challenges to the apartheid laws;

(4) furnishing direct financial assistance to those whose nonviolent activities had led to their arrest or detention by the South African authorities and (B) to the families of those killed by terrorist acts such as 'necklacings';

(5) intervening at the highest political levels in South Africa to express the strong desire of the United States to see the development in South Africa of a nonracial democratic society;

(6) supporting the rights of the victims of apartheid through political, economic, or other sanctions in the event the Government of South Africa fails to make progress toward the removal of the apartheid laws and the establishment of such democracy; and

(7) supporting the rights of all Africans to be free of terrorist attacks by setting a time limit after which the United States will pursue diplomatic and political measures against those promoting terrorism and against those countries harboring such groups so as to achieve the objectives of this Act.

POLICY TOWARD OTHER COUNTRIES IN SOUTHERN AFRICA

Sec. 104. (a) The United States policy toward the other countries in the Southern African region shall be designed to encourage democratic forms of government, full respect for human rights, an end to cross-border terrorism, political independence, and economic development.

(b) The United States will work toward the purposes of subsection (a) by -

(1) helping to secure the independence of Namibia and the establishment of Namibia as a nonracial democracy in accordance with appropriate United Nations Security Council resolutions;

(2) supporting the removal of all foreign military forces from the region;

(3) encouraging the nations of the region to settle differences through peaceful means;

(4) promoting economic development through bilateral and multilateral economic assistance targeted at increasing opportunities in the productive sectors of national economies, with a particular emphasis on increasing opportunities for nongovernmental economic activities;

(5) encouraging, and when necessary, strongly demanding, that all countries of the region respect the human rights of their citizens and noncitizens residing in the country, and especially the release of persons persecuted for their political beliefs or detained without trial;

(6) encouraging, and when necessary, strongly demanding that all countries of the region take effective action to end cross-border terrorism; and

(7) providing appropriate assistance, within the limitations of American responsibilities at home and in other regions, to assist regional economic cooperation and the development of interregional transportation and other capital facilities necessary for economic growth.

POLICY TOWARD 'FRONTLINE' STATES

Sec. 105. It is the sense of the Congress that the President should discuss with the governments of the African 'frontline' states the effects on them of disruptions in transportation or other economic links through South Africa and of means of reducing those effects.

POLICY TOWARD A NEGOTIATED SETTLEMENT

Sec. 106. (a)(1) United States policy will seek to promote negotiations among representatives of all citizens of South Africa to determine a future political system that would permit all citizens to be full participants in the governance of their country. The United States recognizes that important and legitimate political parties in South Africa include several organizations that have been banned and will work for the unbanning of such organizations in order to permit legitimate political viewpoints to be represented at such negotiations. The United States also recognizes that some of the organizations fighting apartheid have become infiltrated by Communists and that Communists serve on the governing boards of such organizations

(2) To this end, it is the sense of the Congress that the President, the Secretary of State, or other appropriate high-level United States officials should meet with the leaders of opposition organizations of South Africa, particularly but not limited to those organizations representing the black majority. Furthermore, the President, in concert with the major allies of the United States and other interested parties, should seek to bring together opposition political leaders with leaders of the Government of South Africa for the purpose of negotiations to achieve a transition to the post-apartheid democracy envisioned in this Act.

(b) The United States will encourage the Government of South Africa and all participants to the negotiations to respect the right of all South Africans to form political parties, express political opinions, and otherwise participate in the political process without fear of retribution by either governmental or nongovernmental organizations. It is the sense of the Congress that a suspension of violence is an essential precondition for the holding of negotiations. The United States calls upon all parties to the conflict to agree to a suspension of violence.

(c) The United States will work toward the achievement of agreement to suspend violence and begin negotiations through coordinated actions with the major Western allies and with the governments of the countries in the region.

(d) It is the sense of the Congress that the achievement of an agreement for negotiations could be promoted if the United States and its major allies, such as Great Britain, Canada, France, Italy, Japan, and West Germany, would hold a meeting to develop a four-point plan to discuss with the Government of South Africa a proposal for stages of multilateral assistance to South Africa in return for the Government of South Africa implementing -

(1) an end to the state of emergency and the release of the political prisoners, including Nelson Mandela;

(2) the unbanning of the African National Congress, the Pan African Congress, the Black Consciousness Movement, and all other groups willing to suspend terrorism and to participate in negotiations and a democratic process;

(3) a revocation of the Group Areas Act and the Population Registration Act and the granting of universal citizenship to all South Africans, including homeland residents; and

(4) the use of the international offices of a third party as an intermediary to bring about negotiations with the object of the establishment of power-sharing with the black majority.

POLICY TOWARD INTERNATIONAL COOPERATION ON MEASURES TO END APARTHEID

Sec. 107. (a) The Congress finds that -

(1) international cooperation is a prerequisite to an effective anti-apartheid policy and to the suspension of terrorism in South Africa; and

(2) the situation in South Africa constitutes an emergency in international relations and that action is necessary for the protection of the essential security interests of the United States.

(b) Accordingly, the Congress urges the President to seek such cooperation among all individuals, groups, and nations.

POLICY TOWARD NECKLACING

Sec. 108. It is the sense of the Congress that the African National Congress should strongly condemn and take effective actions against the execution by fire, commonly known as 'necklacing', of any person in any country.

UNITED STATES AMBASSADOR TO MEET WITH NELSON MANDELA

Sec. 109. It is the sense of the Senate that the United States Ambassador should promptly make a formal request to the South African Government for the United States Ambassador to meet with Nelson Mandela.

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POLICY TOWARD THE RECRUITMENT AND TRAINING OF BLACK SOUTH AFRICANS BY UNITED STATES EMPLOYERS

Sec. 110. (a) The Congress finds that -

(1) the policy of apartheid is abhorrent and morally repugnant;

(2) the United States believes strongly in the principles of democracy and individual freedoms;

(3) the United States endorses the policy of political participation of all citizens;

(4) a free, open, and vital economy is a primary means for achieving social equality and economic advancement for all citizens; and

(5) the United States is committed to a policy of securing and enhancing human rights and individual dignity throughout the world.

(b) It is the sense of the Congress that United States employers operating in South Africa are obliged both generally to actively oppose the policy and practices of apartheid and specifically to engage in recruitment and training of black and colored South Africans for management responsibilities.

TITLE II - MEASURES TO ASSIST VICTIMS OF APARTHEID

SCHOLARSHIPS FOR THE VICTIMS OF APARTHEID

Sec. 201. (a) Section 105(b) of the Foreign Assistance Act of 1961 is amended -

(1) by inserting '(1)' after '(b)'; and

(2) by adding at the end thereof the following new paragraph:

'(2)(A)(i) Of the amounts authorized to be appropriated to carry out this section for the fiscal years 1987, 1988, and 1989, not less than $4,000,000 shall be used in each such fiscal year to finance education, training, and scholarships for the victims of apartheid, including teachers and other educational professionals, who are attending universities and colleges in South Africa. Amounts available to carry out this subparagraph shall be provided in accordance with the provisions of section 802(c) of the International Security and Development Cooperation Act of 1985.

'(ii) Funds made available for each such fiscal year for purposes of chapter 4 of part II of this Act may be used to finance such education, training, and scholarships in lieu of an equal amount made available under this subparagraph.

'(B)(i) In addition to amounts used for purposes of subparagraph (A), the agency primarily responsible for administering this part, in collaboration with other appropriate departments or agencies of the United States, shall use assistance provided under this section or chapter 4 of part II of this Act to finance scholarships for students pursuing secondary school education in South Africa. The selection of scholarship recipients shall be by a nationwide panel or by regional panels appointed by the United States chief of diplomatic mission to South Africa.

'(ii) Of the amounts authorized to be appropriated to carry out this section and chapter 4 of part II of this Act for the fiscal years 1987, 1988, and 1989, up to an aggregate of $1,000,000 may be used in each such fiscal year for purposes of this subparagraph.

'(C)(i) In addition to the assistance authorized in subparagraph (A), the agency primarily responsible for administering this part shall provide assistance for inservice teacher training programs in South Africa through such nongovernmental organizations as TOPS or teachers' unions. '(ii) Of the amounts authorized to be appropriated to carry out this section and chapter 4 of part II of this Act, up to an aggregate of $500,000 for the fiscal year 1987 and up to an aggregate of $1,000,000 for the fiscal year 1988 may be used for purposes of this subparagraph, subject to standard procedures for project review and approval.'.

(b) The Foreign Assistance Act of 1961 is amended by inserting after section 116 the following new section:

'Sec. 117. Assistance for Disadvantaged South Africans. - In providing assistance under this chapter or under chapter 4 of part II of this Act for disadvantaged South Africans, priority shall

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be given to working with and through South African nongovernmental organizations whose leadership and staff are selected on a nonracial basis, and which have the support of the disadvantaged communities being served. The measure of this community support shall be the willingness of a substantial number of disadvantaged persons to participate in activities sponsored by these organizations. Such organizations to which such assistance may be provided include the Educational Opportunities Council, the South African Institute of Race Relations, READ, professional teachers' unions, the Outreach Program of the University of the Western Cape, the Funda Center in Soweto, SACHED, UPP Trust, TOPS, the Wilgespruit Fellowship Center (WFC), and civic and other organizations working at the community level which do not receive funds from the Government of South Africa.'.

HUMAN RIGHTS FUND

Sec. 202. (a) Section 116(e)(2)(A) of the Foreign Assistance Act of 1961 is amended -

(1) by striking out '1984 and' and inserting in lieu thereof '1984,'; and

(2) by inserting after '1985' a comma and the following: 'and $1,500,000 for the fiscal year 1986 and for each fiscal year thereafter'.

(b) Section 116 of such Act is amended by adding at the end thereof the following new subsection:

'(f)(1) Of the funds made available to carry out subsection (e)(2)(A) for each fiscal year, not less than $500,000 shall be used for direct legal and other assistance to political detainees and prisoners and their families, including the investigation of the killing of protesters and prisoners, and for support for actions of black-led community organizations to resist, through nonviolent means, the enforcement of apartheid policies such as -

'(A) removal of black populations from certain geographic areas on account of race or ethnic origin,

'(B) denationalization of blacks, including any distinctions between the South African citizenships of blacks and whites,

'(C) residence restrictions based on race or ethnic origin,

'(D) restrictions on the rights of blacks to seek employment in South Africa and to live wherever they find employment in South Africa, and

'(E) restrictions which make it impossible for black em-ployees and their families to be housed in family accommodations near their place of employment.

'(2)(A) No grant under this subsection may exceed $100,000.

'(B) The average of all grants under this paragraph made in any fiscal year shall not exceed $70,000.

'(g) Of the funds made available to carry out subsection (e)(2)(A) for each fiscal year, $175,000 shall be used for direct assistance to families of victims of violence such as 'necklacing' and other such inhumane acts. An additional $175,000 shall be made available to black groups in South Africa which are actively working toward a multi-racial solution to the sharing of political power in that country through nonviolent, constructive means.'.

EXPANDING PARTICIPATION IN THE SOUTH AFRICAN ECONOMY

Sec. 203. (a) The Congress declares that -

(1) the denial under the apartheid laws of South Africa of the rights of South African blacks and other nonwhites to have the opportunity to participate equitably in the South African economy as managers or owners of, or professionals in, business enterprises, and

(2) the policy of confining South African blacks and other nonwhites to the status of employees in minority-dominated businesses, is an affront to the values of a free society.

(b) The Congress hereby -

(1) applauds the commitment of nationals of the United States adhering to the Code of Conduct to assure that South African blacks and other nonwhites are given assistance in gaining their rightful place in the South African economy; and

(2) urges the United States Government to assist in all appropriate ways the realization by South African blacks and other nonwhites of their rightful place in the South African economy.

(c) Notwithstanding any other provision of law, the Secretary of State and any other head of a department or agency of the United States carrying out activities in South Africa shall, to the maximum extent practicable, in procuring goods or services, make affirmative efforts to assist business enterprises having more than 50 percent beneficial ownership by South African blacks or other nonwhite South Africans.

EXPORT-IMPORT BANK OF THE UNITED STATES

Sec. 204. Section 2(b)(9) of the Export-Import Bank Act of 1945 is amended -

(1) by striking out '(9) In' and inserting in lieu thereof '(9)(A) Except as provided in subparagraph (B), in'; and

(2) by adding at the end thereof the following:

'(B) The Bank shall take active steps to encourage the use of its facilities to guarantee, insure, extend credit, or participate in the extension of credit to business enterprises in South Africa that are majority owned by South African blacks or other nonwhite South Africans. The certification requirement contained in clause (c) of subparagraph (A) shall not apply to exports to or purchases from business enterprises which are majority owned by South African blacks or other nonwhite South Africans.'.

LABOR PRACTICES OF THE UNITED STATES GOVERNMENT IN SOUTH AFRICA

Sec. 205. (a) It is the sense of the Congress that the labor practices used by the United States Government -

(1) for the direct hire of South Africans,

(2) for the reimbursement out of official residence funds of South Africans and employees of South African organizations for their long-term employment services on behalf of the United States Government, and

(3) for the employment services of South Africans arranged by contract, should represent the best of labor practices in the United States and should serve as a model for the labor practices of nationals of the United States in South Africa.

(b) The Secretary of State and any other head of a department or agency of the United States carrying out activities in South Africa shall promptly take, without regard to any provision of law, the necessary steps to ensure that the labor practices applied to the employment services described in paragraphs (1) through (3) of subsection (a) are governed by the Code of Conduct. Nothing in this section shall be construed to grant any employee of the United States the right to strike.

WELFARE AND PROTECTION OF VICTIMS OF APARTHEID BY THE UNITED STATES

Sec. 206. (a) The Secretary of State shall acquire, through lease or purchase, residential properties in the Republic of South Africa that shall be made available, at rents that are equitable, to assist victims of apartheid who are employees of the United States Government in obtaining adequate housing. Such properties shall be acquired only in neighborhoods which would be open to occupancy by other employees of the United States Government in South Africa.

(b) There are authorized to be appropriated $10,000,000 for the fiscal year 1987 to carry out the purposes of this section.

EMPLOYMENT PRACTICES OF UNITED STATES NATIONALS IN SOUTH AFRICA

Sec. 207. (a) Any national of the United States that employs more than 25 persons in South Africa shall take the necessary steps to insure that the Code of Conduct is implemented.

(b) No department or agency of the United States may intercede with any foreign government or foreign national regarding the export marketing activities in any country of any national of the United States employing more than 25 persons in South Africa that is not implementing the Code of Conduct.

CODE OF CONDUCT

Sec. 208. (a) The Code of Conduct referred to in sections 203, 205, 207, and 603 of this Act is as follows:

(1) desegregating the races in each employment facility;

(2) providing equal employment opportunity for all employees without regard to race or ethnic origin;

(3) assuring that the pay system is applied to all employees without regard to race or ethnic origin;

(4) establishing a minimum wage and salary structure based on the appropriate local minimum economic level which takes into account the needs of employees and their families;

(5) increasing by appropriate means the number of persons in managerial, supervisory, administrative, clerical, and technical jobs who are disadvantaged by the apartheid system for the purpose of significantly increasing their representation in such jobs;

(6) taking reasonable steps to improve the quality of employees' lives outside the work environment with respect to housing, transportation, schooling, recreation, and health; and

(7) implementing fair labor practices by recognizing the right of all employees, regardless of racial or other distinctions, to self-organization and to form, join, or assist labor organizations, freely and without penalty or reprisal, and recognizing the right to refrain from any such activity.

(b) It is the sense of the Congress that in addition to the principles enumerated in subsection (a), nationals of the United States subject to section 207 should seek to comply with the following principle: taking reasonable measures to extend the scope of influence on activities outside the workplace, including -

(1) supporting the unrestricted rights of black businesses to locate in urban areas;

(2) influencing other companies in South Africa to follow the standards of equal rights principles;

(3) supporting the freedom of mobility of black workers to seek employment opportunities wherever they exist, and make provision for adequate housing for families of employees within the proximity of workers' employment; and

(4) supporting the rescission of all apartheid laws.

(c) The President may issue additional guidelines and criteria to assist persons who are or may be subject to section 207 in complying with the principles set forth in subsection (a) of this section. The President may, upon request, give an advisory opinion to any person who is or may be subject to this section as to whether that person is subject to this section or would be considered to be in compliance with the principles set forth in subsection (a).

(d) The President may require all nationals of the United States referred to in section 207 to register with the United States Government.

(e) Notwithstanding any other provision of law, the President may enter into contracts with one or more private organizations or individuals to assist in implementing this section.

PROHIBITION ON ASSISTANCE

Sec. 209. No assistance may be provided under this Act to any group which maintains within its ranks any individual who has been found to engage in gross violations of internationally recognized human rights (as defined in section 502B(d)(1) of the Foreign Assistance Act of 1961).

USE OF THE AFRICAN EMERGENCY RESERVE

Sec. 210. Whenever the President determines that such action is necessary or appropriate to meet food shortages in southern Africa, the President is authorized to utilize the existing, authorized, and funded reserve entitled the 'Emergency Reserve for African Famine Relief' to provide food assistance and transportation for that assistance.

PROHIBITION ON ASSISTANCE TO ANY PERSON OR GROUP ENGAGING IN 'NECKLACING'

Sec. 211. No assistance may be provided under this Act, the Foreign Assistance Act of 1961, or any other provision of law to any individual, group, organization, or member thereof, or entity that directly or indirectly engages in, advocates, supports, or approves the practice of execution by fire, commonly known as 'necklacing'.

PARTICIPATION OF SOUTH AFRICA IN AGRICULTURAL EXPORT CREDIT AND PROMOTION PROGRAMS

Sec. 212. Notwithstanding any other provision of this Act or any other provision of law, the Secretary of Agriculture may permit South Africa to participate in agricultural export credit and promotion programs conducted by the Secretary at similar levels, and under similar terms and conditions, as other countries that have traditionally purchased United States agricultural commodities and the products thereof.

TITLE III - MEASURES BY THE UNITED STATES TO UNDERMINE APARTHEID
PROHIBITION ON THE IMPORTATION OF KRUGERRANDS

Sec. 301. No person, including a bank, may import into the United States any South African krugerrand or any other gold coin minted in South Africa or offered for sale by the Government of South Africa.

PROHIBITION ON THE IMPORTATION OF MILITARY ARTICLES

Sec. 302. No arms, ammunition, or military vehicles produced in South Africa or any manufacturing data for such articles may be imported into the United States.

PROHIBITION ON THE IMPORTATION OF PRODUCTS FROM PARASTATAL ORGANIZATIONS

Sec. 303. (a) Notwithstanding any other provision of law, no article which is grown, produced, manufactured by, marketed, or otherwise exported by a parastatal organization of South Africa may be imported into the United States, (1) except for agricultural products during the 12-month period from the date of enactment; and (2) except for those strategic minerals for which the President has certified to the Congress that the quantities essential for the economy or defense of the United States are unavailable from reliable and secure suppliers and except for any article to be imported pursuant to a contract entered into before August 15, 1986: Provided, That no shipments may be received by a national of the United States under such contract after April 1, 1987.

(b) For purposes of this section, the term 'parastatal organization' means a corporation or partnership owned or controlled or subsidized by the Government of South Africa, but does not mean a corporation or partnership which previously received start-up assistance from the South African Industrial Development Corporation but which is now privately owned.

PROHIBITION ON COMPUTER EXPORTS TO SOUTH AFRICA

Sec. 304. (a) No computers, computer software, or goods or technology intended to manufacture or service computers may be exported to or for use by any of the following entities of the Government of South Africa:

(1) The military.
(2) The police.
(3) The prison system.

(4) The national security agencies.

(5) ARMSCOR and its subsidiaries or the weapons research activities of the Council for Scientific and Industrial Research.

(6) The administering authorities for controlling the movements of the victims of apartheid.

(7) Any apartheid enforcing agency.

(8) Any local, regional, or homelands government entity which performs any function of any entity described in paragraphs (1)
through (7).

(b)(1) Computers, computer software, and goods or technology intended to service computers may be exported, directly or indirectly, to or for use by an entity of the Government of South Africa other than those set forth in subsection (a) only if a system of end use verification is in effect to ensure that the computers involved will not be used for any function of any entity set forth in subsection (a).

(2) The Secretary of Commerce may prescribe such rules and regulations as may be necessary to carry out this section.

PROHIBITION ON LOANS TO THE GOVERNMENT OF SOUTH AFRICA

Sec. 305. (a) No national of the United States may make or approve any loan or other extension of credit, directly or indirectly, to the Government of South Africa or to any corporation, partnership or other organization which is owned or controlled by the Government of South Africa.

(b) The prohibition contained in subsection (a) shall not apply to -

(1) a loan or extension of credit for any education, housing, or humanitarian benefit which

(A) is available to all persons on a nondiscriminatory basis; or

(B) is available in a geographic area accessible to all population groups without any legal or administrative restriction; or

(2) a loan or extension of credit for which an agreement is entered into before the date of enactment of this Act.

PROHIBITION ON AIR TRANSPORTATION WITH SOUTH AFRICA

Sec. 306. (a)(1) The President shall immediately notify the Government of South Africa of his intention to suspend the rights of any air carrier designated by the Government of South Africa under the Agreement Between the Government of the United States of America and the Government of the Union of South Africa Relating to Air Services Between Their Respective Territories, signed May 23, 1947, to service the routes provided in the Agreement.

(2) Ten days after the date of enactment of this Act, the President shall direct the Secretary of Transportation to revoke the right of any air carrier designated by the Government of South Africa under the Agreement to provide service pursuant to the Agreement.

(3) Ten days after the date of enactment of this Act, the President shall direct the Secretary of Transportation not to permit or otherwise designate any United States air carrier to provide service between the United States and South Africa pursuant to the Agreement.

(b)(1) The Secretary of State shall terminate the Agreement Between the Government of the United States of America and the Government of the Union of South Africa Relating to Air Services Between Their Respective Territories, signed May 23, 1947, in accordance with the provisions of that agreement.

(2) Upon termination of such agreement, the Secretary of Transportation shall prohibit any aircraft of a foreign air carrier owned, directly or indirectly, by the Government of South Africa or by South African nationals from engaging in air transportation with respect to the United States.

(3) The Secretary of Transportation shall prohibit the takeoff and landing in South Africa of any aircraft by an air carrier owned, directly or indirectly, or controlled by a national of the United States or by any corporation or other entity organized under the laws of the United States or of any State.

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(c) The Secretary of Transportation may provide for such exceptions from the prohibition contained in subsection (a) or (b) as the Secretary considers necessary to provide for emergencies in which the safety of an aircraft or its crew or passengers is threatened.

(d) For purposes of this section, the terms 'aircraft', 'air transportation', and 'foreign air carrier' have the meanings given those terms in section 101 of the Federal Aviation Act of 1958 (49 U.S.C. 1301).

PROHIBITIONS ON NUCLEAR TRADE WITH SOUTH AFRICA

Sec. 307. (a) Notwithstanding any other provision of law -

(1) the Nuclear Regulatory Commission shall not issue any license for the export to South Africa of production or utilization facilities, any source or special nuclear material or sensitive nuclear technology, or any component parts, items, or substances which the Commission has determined, pursuant to section 109b. of the Atomic Energy Act, to be especially relevant from the standpoint of export control because of their significance for nuclear explosive purposes;

(2) the Secretary of Commerce shall not issue any license for the export to South Africa of any goods or technology which have been determined, pursuant to section 309(c) of the Nuclear Non-Proliferation Act of 1978, to be of significance for nuclear explosive purposes for use in, or judged by the President to be likely to be diverted to, a South African production or utilization facility;

(3) the Secretary of Energy shall not, under section 57b.(2) of the Atomic Energy Act, authorize any person to engage, directly or indirectly, in the production of special nuclear material in South Africa; and

(4) no goods, technology, source or special nuclear material, facilities, components, items, or substances referred to in clauses (1) through (3) shall be approved by the Nuclear Regulatory Commission or an executive branch agency for retransfer to South Africa,

unless the Secretary of State determines and certifies to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate that the Government of South Africa is a party to the Treaty on the Non-Proliferation of Nuclear Weapons, done at Washington, London, and Moscow on July 1, 1968, or otherwise maintains International Atomic Energy Agency safeguards on all its peaceful nuclear activities, as defined in the Nuclear Non-Proliferation Act of 1978.

(b) Nothing in this section shall preclude -

(1) any export, retransfer, or activity generally licensed or generally authorized by the Nuclear Regulatory Commission or the Department of Commerce or the Department of Energy; or

(2) assistance for the purpose of developing or applying International Atomic Energy Agency or United States bilateral safeguards, for International Atomic Energy Agency programs generally available to its member states, for reducing the use of highly enriched uranium in research or test reactors, or for other technical programs for the purpose of reducing proliferation risks, such as programs to extend the life of reactor fuel and activities envisaged by section 223 of the Nuclear Waste Policy Act of 1982 or which are necessary for humanitarian reasons to protect the public health and safety.

(c) The prohibitions contained in subsection (a) shall not apply with respect to a particular export, retransfer, or activity, or a group of exports, retransfers, or activities, if the President determines that to apply the prohibitions would be seriously prejudicial to the achievement of United States nonproliferation objectives or would otherwise jeopardize the common defense and security of the United States and, if at least 60 days before the initial export, retransfer, or activity is carried out, the President submits to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report setting forth that determination, together with his reasons therefor.

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GOVERNMENT OF SOUTH AFRICA BANK ACCOUNTS

Sec. 308. (a) A United States depository institution may not receive, or hold a deposit account from the Government of South Africa or from any agency or entity owned or controlled by the Government of South Africa except for such accounts which may be authorized by the President for diplomatic or consular purposes. For purposes of the preceding sentence, the term 'depository institution' has the same meaning as in section 19(b)(1) of the Federal Reserve Act.

(b) The prohibition contained in subsection (a) shall take effect 45 days after the date of enactment of this Act.

PROHIBITION ON IMPORTATION OF URANIUM AND COAL FROM SOUTH AFRICA

Sec. 309. (a) Notwithstanding any other provision of law, no -

(1) uranium ore,

(2) uranium oxide,

(3) coal, or

(4) textiles, that is produced or manufactured in South Africa may be imported into the United States.

(b) This section shall take effect 90 days after the date of enactment of this Act.

PROHIBITION ON NEW INVESTMENT IN SOUTH AFRICA

Sec. 310. (a) No national of the United States may, directly or through another person, make any new investment in South Africa.

(b) The prohibition contained in subsection (a) shall take effect 45 days after the date of enactment of this Act.

(c) The prohibition contained in this section shall not apply to a firm owned by black South Africans.

TERMINATION OF CERTAIN PROVISIONS

Sec. 311. (a) This title and sections 501(c) and 504(b) shall terminate if the Government of South Africa -

(1) releases all persons persecuted for their political beliefs or detained unduly without trial and Nelson Mandela from prison;

(2) repeals the state of emergency in effect on the date of enactment of this Act and releases all detainees held under such state of emergency;

(3) unbans democratic political parties and permits the free exercise by South Africans of all races of the right to form political parties, express political opinions, and otherwise participate in thepolitical process;

(4) repeals the Group Areas Act and the Population Registration Act and institutes no other measures with the same purposes; and

(5) agrees to enter into good faith negotiations with truly representative members of the black majority without preconditions.

(b) The President may suspend or modify any of the measures required by this title or section 501(c) or section 504(b) thirty days after he determines, and so reports to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate, that the Government of South Africa has -

(1) taken the action described in paragraph (1) of subsection (a),

(2) taken three of the four actions listed in paragraphs (2) through (5) of subsection (a), and

(3) made substantial progress toward dismantling the system of apartheid and establishing a nonracial democracy, unless the Congress enacts within such 30-day period, in accordance with

section 602 of this Act, a joint resolution disapproving the determination of the President under this subsection.

(c) It is the policy of the United States to support the negotiations with the representatives of all communities as envisioned in this Act. If the South African Government agrees to enter into negotiations without preconditions, abandons unprovoked violence against its opponents, commits itself to a free and democratic post-apartheid South Africa under a code of law; and if nonetheless the African National Congress, the Pan African Congress, or their affiliates, or other organizations, refuse to participate; or if the African National Congress, the Pan African Congress or other organizations -

(1) refuse to abandon unprovoked violence during such negotiations; and

(2) refuse to commit themselves to a free and democratic post-apartheid South Africa under a code of law, then the United States will support negotiations which do not include these organizations.

POLICY TOWARD VIOLENCE OR TERRORISM

Sec. 312. (a) United States policy toward violence in South Africa shall be designed to bring about an immediate end to such violence and to promote negotiations concluding with a removal of the system of apartheid and the establishment of a non-racial democracy in South Africa.

(b) The United States shall work toward this goal by diplomatic and other measures designed to isolate those who promote terrorist attacks on unarmed civilians or those who provide assistance to individualsor groups promoting such activities.

(c) The Congress declares that the abhorrent practice of necklacing' and other equally inhumane acts which have been practices in South Africa by blacks against fellow blacks are an affront to all throughout the world who value the rights of individuals to live in an atmosphere free from fear of violent reprisals.

TERMINATION OF TAX TREATY AND PROTOCOL

Sec. 313. The Secretary of State shall terminate immediately the following convention and protocol, in accordance with its terms, the Convention Between the Government of the United States of America and the Government of the Union of South Africa for the Avoidance of Double Taxation and for Establishing Rules of Reciprocal Administrative Assistance With Respect to Taxes on Income, done at Pretoria on December 13, 1946, and the protocol relating thereto.

PROHIBITION ON UNITED STATES GOVERNMENT PROCUREMENT FROM SOUTH AFRICA

Sec. 314. On or after the date of enactment of this Act, no department, agency or any other entity of the United States Government may enter into a contract for the procurement of goods or services from parastatal organizations except for items necessary for diplomatic and consular purposes.

PROHIBITION ON THE PROMOTION OF UNITED STATES TOURISM IN SOUTH AFRICA

Sec. 315. None of the funds appropriated or otherwise made available by any provision of law may be available to promote United States tourism in South Africa.

PROHIBITION ON UNITED STATES GOVERNMENT ASSISTANCE TO, INVESTMENT IN, OR SUBSIDY FOR TRADE WITH, SOUTH AFRICA

Sec. 316. None of the funds appropriated or otherwise made available by any provision of law may be available for any assistance to investment in, or any subsidy for trade with, South Africa, including butnot limited to funding for trade missions in South Africa and for participation in exhibitions and trade fairs in South Africa.

PROHIBITION ON SALE OR EXPORT OF ITEMS ON MUNITIONS LIST

Sec. 317. (a) Except as provided in subsection (b), no item contained on the United States Munition List which is subject to the jurisdiction of the United States may be exported to South Africa.

(b) Subsection (a) does not apply to any item which is not covered by the United Nations Security Council Resolution 418 of Novem-ber 4, 1977, and which the President determines is exported solely for commercial purposes and not exported for use by the armed forces, police, or other security forces of South Africa or for other military use.

(c) The President shall prepare and submit to Congress every six months a report describing any license issued pursuant to subsection (b).

MUNITIONS LIST SALES, NOTIFICATION

Sec. 318. (a) Notwithstanding any other provision of this Act, the President shall:

(i) notify the Congress of his intent to allow the export to South Africa any item which is on the United States Munition List and which is not covered by the United Nations Security Council Resolution 418 of November 4, 1977, and

(ii) certify that such item shall be used solely for commercial purposes and not exported for use by the armed forces, police, or other security forces of South Africa or for other military use.

(b) The Congress shall have 30 calendar days of continuous session (computed as provided in section 906(b) of title 5, United States Code) to disapprove by joint resolution of any such sale.

PROHIBITION ON IMPORTATION OF SOUTH AFRICAN AGRICULTURAL PRODUCTS AND FOOD

Sec. 319. Notwithstanding any other provision of law, no:

(1) agricultural commodity, product, byproduct of derivitive thereof,

(2) article that is suitable for human consumption, that is a product of South Africa may be imported into the customs territory of the United States after the date of enactment of this Act.

PROHIBITION ON IMPORTATION OF IRON AND STEEL

Sec. 320. Notwithstanding any other provision of law, no iron or steel produced in South Africa may be imported into the United States.

PROHIBITION ON EXPORTS OF CRUDE OIL AND PETROLEUM PRODUCTS

Sec. 321. (a) No crude oil or refined petroleum product which is subject to the jurisdiction of the United States or which is exported by a person subject to the jurisdiction of the United States may be exported to South Africa.

(b) Subsection (a) does not apply to any export pursuant to a contract entered into before the date of enactment of this Act.

PROHIBITION ON COOPERATION WITH THE ARMED FORCES OF SOUTH AFRICA

Sec. 322. No agency or entity of the United States may engage in any form of cooperation, direct or indirect, with the armed forces of the Government of South Africa, except activities which are reasonably designed to facilitate the collection of necessary intelligence. Each such activity shall be considered a significant anticipated intelligence activity for purposes of section 501 of the National Security Act of 1947.

PROHIBITIONS ON SUGAR IMPORTS

Sec. 323. (a)(1) Notwithstanding any other provision of law, no sugars, sirups, or molasses that are products of the Republic of South Africa may be imported into the United States after the date of enactment of this Act.

(2) The aggregate quantity of sugars, sirups, and molasses that -

(A) are products of the Philippines, and

(B) may be imported into the United States (determined without regard to this paragraph) under any limitation imposed by law on the quantity of all sugars, sirups, and molasses that may be imported into the United States during any period of time occurring after the date of enactment of this Act, shall be increased by the aggregate quantity of sugars, sirups, and molasses that are products of the Republic of South Africa which may have been imported into the United States under such limitation during such period if this section did not apply to such period.

(b)(1) Paragraph (c)(i) of headnote 3 of subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States is amended -

(A) by striking out '13.5' in the item relating to the Philippines in the table and inserting in lieu thereof '15.8', and

(B) by striking out the item relating to the Republic of South Africa in the table.

(2) Paragraph (c) of headnote 3 of subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States is amended by adding at the end thereof the following newsubparagraph:

'(iii) Notwithstanding any authority given to the United States Trade Representative under paragraphs (e) and (g) of this headnote -

'(A) the percentage allocation made to the Philippines under this paragraph may not be reduced, and

'(B) no allocation may be made to the Republic of South Africa, in allocating any limitation imposed under any paragraph of this headnote on the quantity of sugars, sirups, and molasses described in items 155.20 and 155.30 which may be entered.'.

TITLE IV - MULTILATERAL MEASURES TO UNDERMINE APARTHEID

NEGOTIATING AUTHORITY

Sec. 401. (a) It is the policy of the United States to seek international cooperative agreements with the other industrialized democracies to bring about the complete dismantling of apartheid. Sanctions imposed under such agreements should be both direct and official executive or legislative acts of governments. The net economic effect of such cooperative should be measurably greater than the net economic effect of the measures imposed by this Act.

(b)(1) Negotiations to reach international cooperative arrangements with the other industrialized democracies and other trading partners of South Africa on measures to bring about the complete dismantling of apartheid should begin promptly and should be concluded not later than 180 days from the enactment of this Act. During this period, the President or, at his direction, the Secretary of State should convene an international conference of the other industrialized democracies in order to reach cooperative agreements to impose sanctions against South Africa to bring about the complete dismantling of apartheid.

(2) The President shall, not less than 180 days after the date of enactment of this Act, submit to the Congress a report containing -

(A) a description of United States efforts to negotiate multilateral measures to bring about the complete dismantling of apartheid; and

(B) a detailed description of economic and other measures adopted by the other industrialized countries to bring about the complete dismantling of apartheid, including an assessment of the stringency with which such measures are enforced by those countries.

(c) If the President successfully concludes an international agreement described in subsection (b)(1), the may, after such agreement enters into force with respect to the United States, adjust, modify, or otherwise amend the measures imposed under any provision of sections 301 through 310 to conform with such agreement.

(d) Each agreement submitted to the Congress under this subsection shall enter into force with respect to the United States if (and only if) -

(1) the President, not less than 30 days before the day on which he enters into such agreement, notifies the House of Representatives and the Senate of his intention to enter into such an agreement, and promptly thereafter publishes notice of such intention in the Federal Register;

(2) after entering into the agreement, the President transmits to the House of Representatives and to the Senate a document a copy of the final legal text of such agreement, together with -

(A) a description of any administrative action proposed to implement such agreement and an explanation as to how the proposed administrative action would change or affect existing law, and

(B) a statement of his reasons as to how the agreement serves the interest of United States foreign policy and as to why the proposed administrative action is required or appropriate to carry out the agreement; and

(3) a joint resolution approving such agreement has been enacted within 30 days of transmittal of such document to the Congress.

(e) It is the sense of the Congress that the President should instruct the Permanent Representative of the United States to the United Nations to propose that the United Nations Security Council, pursuant to Article 41 of the United Nations Charter, impose measures against South Africa of the same type as are imposed by this Act.

LIMITATION ON IMPORTS FROM OTHER COUNTRIES

Sec. 402. The President is authorized to limit the importation into the United States of any product or service of a foreign country to the extent to which such foreign country benefits from, or otherwise takes commercial advantage of, any sanction or prohibition against any national of the United States imposed by or under this Act.

PRIVATE RIGHT OF ACTION

Sec. 403. (a) Any national of the United States who is required by this Act to terminate or curtail business activities in South Africa may bring a civil action for damages against any person, partnership, or corporation that takes commercial advantage or otherwise benefits from such termination or curtailment.

(b) The action described in subsection (a) may only be brought, without respect to the amount in controversy, in the United States district court for the District of Columbia or the Court of International Trade. Damages which may be recovered include lost profits and the cost of bringing the action, including a reasonable attorney's fee.

(c) The injured party must show by a preponderance of the evidence that the damages have been the direct result of defendant's action taken with the deliberate intent to injure the party.

TITLE V - FUTURE POLICY TOWARD SOUTH AFRICA
ADDITIONAL MEASURES

Sec. 501. (a) It shall be the policy of the United States to impose additional measures against the Government of South Africa if substantial progress has not been made within twelve months of the date of enactment of this Act in ending the system of apartheid and establishing a nonracial democracy.

(b) The President shall prepare and transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate within twelve months of the date of enactment of this Act, and every twelve months thereafter, a report on the extent to which significant progress has been made toward ending the system of apartheid, including -

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(1) an assessment of the extent to which the Government of South Africa has taken the steps set forth in section 101(b) of this Act;

(2) an analysis of any other actions taken by the Government of South Africa in ending the system of apartheid and moving toward a nonracial democracy; and

(3) the progress, or lack of progress, made in reaching a negotiated settlement to the conflict in South Africa.

(c) If the President determines that significant progress has not been made by the Government of South Africa in ending the system of apartheid and establishing a nonracial democracy, the President shall include in the report required by subsection (b) a recommendation on which of the following additional measures should be imposed:

(1) a prohibition on the importation of steel from South Africa;

(2) a prohibition on military assistance to those countries that the report required by section 508 identifies as continuing to circumvent the international embargo on arms and military technology to South Africa;

(3) a prohibition on the importation of food, agricultural products, diamonds, and textiles from South Africa;

(4) a prohibition on United States banks accepting, receiving, or holding deposit accounts from South African nationals; and

(5) a prohibition on the importation into the United States of strategic minerals from South Africa.

(d) A joint resolution which would enact part or all of the measures recommended by the President pursuant to subsection (c) shall be considered in accordance with the provisions of section 602 of this Act.

LIFTING OF PROHIBITIONS

Sec. 502. (a) Notwithstanding any other provision of this Act, the President may lift any prohibition contained in this Act imposed against South Africa if the President determines, after six months from the date of the imposition of such prohibition, and so reports to Congress, that such prohibition would increase United States dependence upon any member country or observer country of the Council for Mutual Economic Assistance (C.M.E.A.) for the importation of coal or any strategic and critical material by an amount which exceeds by weight the average amounts of such imports from such country during the period 1981 through 1985.

(b)(1) Not later than 30 days after the date of enactment of this Act, the Secretary of Commerce shall prepare and transmit to the Congress a report setting forth for each country described in subsection (a) -

(A) the average amount of such imports from such country during the period of 1981 through 1985; and

(B) the current amount of such imports from such country entering the United States.

(2) Thirty days after transmittal of the report required by paragraph (1) and every thirty days thereafter, the President shall prepare and transmit the information described in paragraph (1)(B).

STUDY OF HEALTH CONDITIONS IN THE 'HOMELANDS' AREAS OF SOUTH AFRICA

Sec. 503. The Secretary of State shall conduct a study to examine the state of health conditions and to determine the extent of starvation and malnutrition now prevalent in the 'homelands' areas of South Africa and shall, not later than December 1, 1986, prepare and transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report setting forth the results of such study.

REPORT ON SOUTH AFRICAN IMPORTS

Sec. 504. (a) Not later than 90 days after the date of enactment of this Act, the President shall submit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign

Relations of the Senate a report on the extent to which the United States is dependent on the importation from South Africa of -

(1) chromium,
(2) cobalt,
(3) manganese,
(4) platinum group metals,
(5) ferroalloys, and
(6) other strategic and critical materials (within the meaning of the Strategic and Critical Materials Stock Piling Act).

(b) The President shall develop a program which reduces the dependence, if any, of the United States on the importation from South Africa of the materials identified in the report submitted under subsection (a).

STUDY AND REPORT ON THE ECONOMY OF SOUTHERN AFRICA

Sec. 505. (a) The President shall conduct a study on the role of American assistance in southern Africa to determine what needs to be done, and what can be done to expand the trade, private investment, and transport prospects of southern Africa's landlocked nations.

(b) Not later than 180 days after the date of enactment of this Act, the President shall prepare and transmit to the chairman of the Committee on Foreign Affairs of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report setting forth the findings of the study conducted under subsection (a).

REPORT ON RELATIONS BETWEEN OTHER INDUSTRIALIZED DEMOCRACIES AND AFRICA

Sec. 506. (a) Not later than 180 days after the date of enactment of this Act, the President shall prepare and transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report containing a detailed assessment of the economic and other relationships of other industrialized democracies with South Africa. Such report shall be transmitted without regard to whether or not the President successfully concluded an international agreement under section 401.

(b) For purposes of this section, the phrase 'economic and other relationships' includes the same types of matters as are described in sections 201, 202, 204, 205, 206, 207, sections 301 through 307, and sections 309 and 310 of this Act.

STUDY AND REPORT ON DEPOSIT ACCOUNTS OF SOUTH AFRICAN NATIONALS IN UNITED STATES BANKS

Sec. 507. (a)(1) The Secretary of the Treasury shall conduct a study on the feasibility of prohibiting each depository institution from accepting, receiving, or holding a deposit account from any South African national.

(2) For purposes of paragraph (1), the term 'depository institution' has the same meaning as in section 19(b)(1) of the Federal Reserve Act.

(b) Not later than 180 days after the date of enactment of this Act, the Secretary of the Treasury shall submit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report detailing the findings of the study required by subsection (a).

STUDY AND REPORT ON THE VIOLATION OF THE INTERNATIONAL EMBARGO ON SALE AND EXPORT OF MILITARY ARTICLES TO SOUTH AFRICA

Sec. 508. (a) The President shall conduct a study on the extent to which the international embargo on the sale and exports of arms and military technology to South Africa is being violated.

(b) Not later than 179 days after the date of enactment of this Act, the President shall submit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report setting forth the findings of the study required by subsection (a), including an identification of those countries engaged in such sale or export, with a view to terminating United States military assistance to those countries.

REPORT ON COMMUNIST ACTIVITIES IN SOUTH AFRICA

Sec. 509. (a) Not later than 90 days after the date of enactment of this Act, the President shall prepare and transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Affairs of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate an unclassified version of a report, prepared with the assistance of the Director of the Central Intelligence Agency, the Director of the Defense Intelligence Agency, the National Security Advisor, and other relevant United States Government officials in the intelligence community, which shall set forth the activities of the Communist Party in South Africa, the extent to which Communists have infiltrated the many black and nonwhite South African organizations engaged in the fight against the apartheid system, and the extent to which any such Communist infiltration or influence sets the policies and goals of the organizations with which they are involved.

(b) At the same time the unclassified report in subsection (a) is transmitted as set forth in that subsection, a classified version of the same report shall be transmitted to the chairmen of the Select Committee on Intelligence of the Senate and of the Permanent Select Committee on Intelligence of the House of Representatives.

PROHIBITION ON THE IMPORTATION OF SOVIET GOLD COINS

Sec. 510. (a) No person, including a bank, may import into the United States any gold coin minted in the Union of Soviet Socialist Republics or offered for sale by the Government of the Union of Soviet Socialist Republics.

(b) For purposes of this section, the term 'United States' includes the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

(c) Any individual who violates this section or any regulations issued to carry out this section shall be fined not more than five times the value of the rubles involved.

ECONOMIC SUPPORT FOR DISADVANTAGED SOUTH AFRICANS

Sec. 511 (a) Chapter 4 of part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

'Sec. 535. Economic Support for Disadvantaged South Africans. - (a)(1) Up to $40,000,000 of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1987 and each fiscal year thereafter shall be available for assistance for disadvantaged South Africans. Assistance under this section shallbe provided for activities that are consistent with the objective of a majority of South Africans for an end to the apartheid system and the establishment of a society based on non-racial principles. Such activities may include scholarships, assistance to promote the participation of disadvantaged South Africans in trade unions and private enterprise, alternative education and community development programs.

'(2) Up to $3,000,000 of the amounts provided in each fiscal year pursuant to subsection (a) shall be available for training programs for South Africa's trade unionists.

'(b) Assistance provided pursuant to the section shall be made available notwithstanding any other provision of law and shall not be used to provide support to organizations or groups which are financed or controlled by the Government of South Africa. Noth-ing in this subsection may be construed to prohibit programs which are consistent with subsection (a) and which award scholarships to students who choose to attend South African-supported institutions.'.

(b) Not later than 90 days after the date of enactment of this Act, the Secretary of State shall prepare and transmit to the Congress a report describing the strategy of the President during the five-year period beginning on such date regarding the assistance of black Africans pursuant to section 535 of the Foreign Assistance Act of 1961 and describing the programs and projects to be funded under such section.

REPORT ON THE AFRICAN NATIONAL CONGRESS

Sec. 512. (a) Not later than 180 days after the date of enactment of this Act, the Attorney General shall prepare and transmit to the Congress a report on actual and alleged violations of the Foreign Agents Registration Act of 1938, and the status of any investigation pertaining thereto, by representatives of governments or opposition movements in Subsaharan Africa, including, but not limited to, members or representatives of the African National Congress.

(b) For purposes of conducting any investigations necessary in order to provide a full and complete report, the Attorney General shall have full authority to utilize civil investigative demand procedures, including but not limited to the issuance of civil subpenas.

TITLE VI - ENFORCEMENT AND ADMINISTRATIVE PROVISIONS
REGULATORY AUTHORITY

Sec. 601. The President shall issue such rules, regulations, licenses, and orders as are necessary to carry out the provisions of this Act, including taking such steps as may be necessary to continue in effect the measures imposed by Executive Order 12532 of September 9, 1985, and Executive Order 12535 of October 1, 1985, and by any rule, regulation, license, or order issued thereunder (to the extent such measures are not inconsistent with this Act).

CONGRESSIONAL PRIORITY PROCEDURES

Sec. 602. (a)(1) The provisions of this subsection apply to the consideration in the House of Representatives of a joint resolution under sections 311(b), 401(d), and 501(d).

(2) A joint resolution shall, upon introduction, be referred to the Committee on Foreign Affairs of the House of Representatives.

(3)(A) At any time after the joint resolution placed on the appropriate calendar has been on that calendar for a period of 5 legislative days, it is in order for any Member of the House (after consultation with the Speaker as to the most appropriate time for the consideration of that joint resolution) to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of that joint resolution. The motion is highly privileged and is in order even though a previous motion to the same effect has been disagreed to. All points of order against the joint resolution under clauses 2 and 6 of Rule XXI of the Rules of the House are waived. If the motion is agreed to, the resolution shall remain the unfinished business of the House until disposed of. A motion to reconsider the vote by which the motion is disagreed to shall not be in order.

(B) Debate on the joint resolution shall not exceed ten hours, which shall be divided equally between a Member favoring and a Member opposing the joint resolution. A motion to limit debate is in order at any time in the House or in the Committee of the Whole and is not debatable.

(C) An amendment to the joint resolution is not in order.

(D) At the conclusion of the debate on the joint resolution, the Committee of the Whole shall rise and report the joint resolution back to the House, and the previous question shall be considered as ordered on the joint resolution to final passage without intervening motion.

(b)(1) The provisions of this subsection apply to the consideration in the Senate of a joint resolution under section 311(b), 401(d), or 501(d).

(2) A joint resolution shall, upon introduction, be referred to the Committee on Foreign Relations of the Senate.

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(3) A joint resolution described in this section shall be considered in the Senate in accordance with procedures contained in paragraphs (3) through (7) of section 8066(c) of the Department of Defense Appropriations Act, 1985 (as contained in Public Law 98-473), except that -

(A) references in such paragraphs to the Committee on Appropriations of the Senate shall be deemed to be references to the Committee on Foreign Relations of the Senate; and

(B) amendments to the joint resolution are in order.

(c) For purposes of this subsection, the term 'joint resolution' means only -

(A) in the case of section 311(b), a joint resolution which is introduced in a House of Congress within 3 legislative days after the Congress receives the report described in section 311(b) and for which the matter after the resolving clause reads as follows: 'That the Congress, having received on the report of the President containing the determination required by section 311(b) of the Comprehensive Anti-Apartheid Act of 1986, disapproves of such determination.', with the date of the receipt of the report inserted in the blank;

(B) in the case of section 401(d)(3), a joint resolution which is introduced in a House of Congress within 3 legislative days after the Congress receives the document described in section 401(d)(2) and for which the matter after the resolving clause reads as follows: 'That the Congress, having received on the text of the international agreement described in section 401(d)(3) of the Comprehensive Anti-Apartheid Act of 1986, approves of such agreement.', with the date of the receipt of the text of the agreement inserted in the blank; and

(C) in the case of section 501(d), a joint resolution which is introduced in a House of Congress within 3 legislative days after the Congress receives the determination of the President pursuant to section 501(c) and for which the matter after the resolving clause reads as follows: 'That the Congress, having received on a determination of the President under section 501(c) of the Comprehensive Anti-Apartheid Act of 1986, approves the President's determination.', with the date of the receipt of the determination inserted in the blank.

(d) As used in this section, the term 'legislative day' means a day on which the House of Representatives or the Senate is in session, as the case may be.

(e) This section is enacted -

(1) as an exercise of the rulemaking powers of the House of Representatives and the Senate, and as such it is deemed a part of the Rules of the House and the Rules of the Senate, respectively, but applicable only with respect to the procedure to be followed in the House and the Senate in the case of joint resolutions under this section, and it supersedes other rules only to the extent that it is inconsistent with such rules; and

(2) with full recognition of the constitutional right of the House and the Senate to change their rules at any time, in the same manner, and to the same extent as in the case of any other rule of the House or Senate, and of the right of the Committee on Rules of the House of Representatives to report a resolution for the consideration of any measure.

ENFORCEMENT AND PENALTIES

Sec. 603. (a)(1) The President with respect to his authorities under section 601 shall take the necessary steps to ensure compliance with the provisions of this Act and any regulations, licenses, and orders issued to carry out this Act, including establishing mechanisms to monitor compliance with this Act and such regulations, licenses, and orders.

(2) In ensuring such compliance, the President may -

(A) require any person to keep a full record of, and to furnish under oath, in the form of reports or otherwise, complete information relative to any act or transaction described in this Act either before, during, or after the completion thereof, or relative to any interest in foreign property, or relative to any property in which a foreign country or any national thereof has or hashad any interest, or as may be otherwise necessary to enforce the provisions of this Act; and

(B) conduct investigations, hold hearings, administer oaths, examine witnesses, receive evidence, take depositions, and require by subpena the attendance and testimony of witnesses and the production of all books, papers, and documents relating to any matter under investigation.

(b) Except as provided in subsection (d) -

(1) any person that violates the provisions of this Act, or any regulation, license, or order issued to carry out this Act shall be subject to a civil penalty of $50,000;

(2) any person, other than an individual, that willfully violates the provisions of this Act, or any regulation, license, or order issued to carry out this Act shall be fined not more than $1,000,000;

(3) any individual who willfully violates the provisions of this Act or any regulation, license, or order issued to carry out this Act shall be fined not more than $50,000, or imprisoned not more than 10 years, or both; and

(4) any individual who violates section 301(a) or any regulations issued to carry out that section shall, instead of the penalty set forth in paragraph (2), be fined not more than 5 times the value of the krugerrands or gold coins involved.

(c)(1) Whenever a person commits a violation under subsection (b) -

(A) any officer, director, or employee of such person, or any natural person in control of such person who knowingly and willfully ordered, authorized, acquiesced in, or carried out the act or practice constituting the violation, and

(B) any agent of such person who knowingly and willfully carried out such act or practice, shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

(2) Paragraph (1) shall not apply in the case of a violation by an individual of section 301(a) of this Act or of any regulation issued to carry out that section.

(3) A fine imposed under paragraph (1) on an individual for an act or practice constituting a violation may not be paid, directly or indirectly, by the person committing the violation itself.

(d)(1) Any person who violates any regulation issued under section 208(d) or who, in a registration statement or report required by the Secretary of State, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall be subject to a civil penalty of not more than $10,000 imposed by the Secretary of State. The provisions of subsections (d), (e), and (f) of section 11 of the Export Administration Act of 1979 shall apply with respect to any such civil penalty.

(2) Any person who commits a willful violation under paragraph (1) shall upon conviction be fined not more than $1,000,000 or imprisoned not more than 2 years, or both.

(3) Nothing in this section may be construed to authorize the imposition of any penalty for failure to implement the Code of Conduct.

APPLICABILITY TO EVASIONS OF ACT

Sec. 604. This Act and the regulations issued to carry out this Act shall apply to any person who undertakes or causes to be undertaken any transaction or activity with the intent to evade this Act or such regulations.

CONSTRUCTION OF ACT

Sec. 605. Nothing in this Act shall be construed as constituting any recognition by the United States of the homelands referred to in this Act.

STATE OR LOCAL ANTI-APARTHEID LAWS, ENFORCE

Sec. 606. Notwithstanding section 210 of Public Law 99-349 or any other provision of law -

(1) no reduction in the amount of funds for which a State or local government is eligible or entitled under any Federal law may be made, and

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(2) no other penalty may be imposed by the Federal Government, by reason of the application of any State or local law concerning apartheid to any contract entered into by a State or local government for 90 days after the date of enactment of this Act.

Speaker of the House of Representatives.

Vice President of the United States and
President of the Senate.

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SOUTH AFRICAN DEMOCRATIC TRANSITION SUPPORT ACT OF 1993

H.R. 3225

ONE HUNDRED THIRD CONGRESS OF THE UNITED STATES OF AMERICA

AT THE FIRST SESSION

Begun and held at the City of Washington on Tuesday, the fifth day of January, one thousand nine gundred and ninety-three

AN ACT

To support the transition to nonracial democracy in South Africa.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'South African Democratic Transition Support Act of 1993'.

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) After decades of apartheid, South Africa has entered a new era which presents a historic opportunity for a transition to a peaceful, stable, and democratic future.

(2) The United States policy of economic sanctions toward the apartheid government of South Africa, as expressed in the Comprehensive Anti-Apartheid Act of 1986, helped bring about reforms in that system of government and has facilitated the establishment of a nonracial government.

(3) Through broad and open negotiations, the parties in South Africa have reached a landmark agreement on the future of their country. This agreement includes the establishment of a Transitional Executive Council and the setting of a date for nonracial elections.

(4) The international community has a vital interest in supporting the transition from apartheid toward nonracial democracy.

(5) The success of the transition in South Africa is crucial to the stability and economic development of the southern African region.

(6) Nelson Mandela of the African National Congress and other representative leaders in South Africa have declared that the time has come when the international community should lift all economic sanctions against South Africa.

(7) In light of recent developments, the continuation of these economic sanctions is detrimental to persons disadvantaged by apartheid.

(8) Those calling for the lifting of economic sanctions against South Africa have made clear that they do not seek the immediate termination of the United Nations-sponsored special sanctions relating to arms transfers, nuclear cooperation, and exports of oil. The Ad Hoc Committee on Southern Africa of the Organization of African Unity, for example, has urged that the oil embargo established pursuant to a 1986

General Assembly resolution be lifted after the establishment and commencement of the work of the Transitional Executive Council.

SEC. 3. UNITED STATES POLICY.

It is the sense of the Congress that -

(1) the United States should -

(A) strongly support the Transitional Executive Council in South Africa,

(B) encourage rapid progress toward the establishment of a nonracial democratic government in South Africa, and

(C) support a consolidation of democracy in South Africa through democratic elections for an interim government and a new nonracial constitution;

(2) the United States should continue to provide assistance to support the transition to a nonracial democracy in South Africa, and should urge international financial institutions and other donors to also provide such assistance;

(3) to the maximum extent practicable, the United States should consult closely with international financial institutions, other donors, and South African entities on a coordinated strategy to support the transition to a nonracial democracy in South Africa;

(4) in order to provide ownership and managerial opportunities, professional advancement, training, and employment for disadvantaged South Africans and to respond to the historical inequities created under apartheid, the United States should -

(A) promote the expansion of private enterprise and free markets in South Africa,

(B) encourage the South African private sector to take a special responsibility and interest in providing such opportunities, advancement, training, and employment for disadvantaged South Africans,

(C) encourage United States private sector investment in and trade with South Africa,

(D) urge United States investors to develop a working partnership with representative organs of South African civil society, particularly churches and trade unions, in promoting responsible codes of corporate conduct and other measures to address the historical inequities created under apartheid;

(5) the United States should urge the Government of South Africa to liberalize its trade and investment policies to facilitate the expansion of the economy, and to shift resources to meet the needs of disadvantaged South Africans;

(6) the United States should promote cooperation between South Africa and other countries in the region to foster regional stability and economic growth; and

(7) the United States should demonstrate its support for an expedited transition to, and should adopt a long term policy beneficial to the establishment and perpetuation of, a nonracial democracy in South Africa.

SEC. 4. REPEAL OF APARTHEID SANCTIONS LAWS AND OTHER MEASURES DIRECTED AT SOUTH AFRICA.

(a) COMPREHENSIVE ANTI-APARTHEID ACT. -

(1) IN GENERAL. - All provisions of the Comprehensive Anti-Apartheid Act of 1986 (22 U.S.C. 5001 and following) are repealed as of the date of enactment of this Act, except for the sections specified in paragraph (2).

(2) EFFECTIVE DATE OF REPEAL OF CODE OF CONDUCT REQUIREMENTS. - Sections 1, 3, 203(a), 203(b), 205, 207, 208, 601, 603, and 604 of the Comprehensive Anti-Apartheid Act of 1986 are repealed as of the date on which the President certifies to the Congress that an interim government, elected on a nonracial basis through free and fair elections, has taken office in South Africa.

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(3) CONFORMING AMENDMENTS. - (A) Section 3 of the Comprehensive Anti-Apartheid Act of 1986 is amended by striking paragraphs (2) through (4) and paragraphs (7) through (9), by inserting 'and' at the end of paragraph (5), and by striking ';and' at the end of paragraph (6) and inserting a period.

(B) The following provisions of the Foreign Assistance Act of 1961 that were enacted by the Comprehensive Anti-Apartheid Act of 1986 are repealed: subsections (e)(2), (f), and (g) of section 116 (22 U.S.C. 2151n); section 117 (22 U.S.C. 2151o), relating to assistance for disadvantaged South Africans; and section 535 (22 U.S.C. 2346d). Section 116(e)(1) of the Foreign Assistance Act of 1961 is amended by striking '(1)'.

(b) OTHER PROVISIONS. - The following provisions are repealed or amended as follows:

(1) Subsections (c) and (d) of section 802 of the International Security and Development Cooperation Act of 1985 (99 Stat. 261) is repealed.

(2) Section 211 of the Foreign Relations Authorization Act, Fiscal Years 1986 and 1987 (99 Stat. 432) is repealed, and section 1(b) of that Act is amended by striking the item in the table of contents relating to section 211.

(3) Sections 1223 and 1224 of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989 (101 Stat. 1415) is repealed, and section 1(b) of that Act is amended by striking the items in the table of contents relating to sections 1223 and 1224.

(4) Section 362 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (105 Stat. 716) is repealed, and section 2 of that Act is amended by striking the item in the table of contents relating to section 362.

(5) Section 2(b)(9) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(9)) is repealed.

(6) Section 43 of the Bretton Woods Agreements Act (22 U.S.C. 286aa) is amended by repealing subsection (b) and by striking '(a)'.

(7) Section 330 of H.R. 5205 of the 99th Congress (Department of Transportation and Related Agencies Appropriations Act, 1987) (22 U.S.C. 5056a) as incorporated by reference in section 101(l) of Public Law 99-500 and Public Law 99-591, and made effective as if enacted into law by section 106 of Public Law 100-202, is repealed.

(8)(A) Section 901(j)(2)(C) of the Internal Revenue Code of 1986 (26 U.S.C. 901(j)(2)(C)) is repealed.

(B) Subparagraph (A) shall not be construed as affecting any of the transitional rules contained in Revenue Ruling 92-62 which apply by reason of the termination of the period for which section 901(j) of the Internal Revenue Code of 1986 was applicable to South Africa.

(9) The table in section 502(b) of the Trade Act of 1974 (19 U.S.C. 2462(b)) is amended by striking 'Republic of South Africa'.

(c) SANCTIONS MEASURES ADOPTED BY STATE OR LOCAL GOVERNMENTS OR PRIVATE ENTITIES. -

(1) Policy regarding rescission. - The Congress urges all State or local governments and all private entities in the United States that have adopted any restriction on economic interactions with South Africa, or any policy discouraging such interaction, to rescind such restriction or policy.

(2) Repeal of provisions relating to withholding federal funds. - Effective October 1, 1995, the following provisions are repealed:

(A) The undesignated paragraph entitled 'state and local anti-apartheid policies' in chapter IX of the Dire Emergency Supplemental Appropriations and Transfers, Urgent Supplementals, and Correcting Enrollment Errors Act of 1989 (22 U.S.C. 5117).

(B) Section 210 of the Urgent Supplemental Appropriations Act, 1986 (100 Stat. 749).

(d) CONTINUATION OF UN SPECIAL SANCTIONS. - It is the sense of the Congress that the United States should continue to respect United Nations Security Council resolutions on South Africa, including the resolution providing for a mandatory embargo on arms sales to South Africa and the resolutions relating to the import of arms, restricting exports to the South African military and police, and urging states to refrain from nuclear cooperation that would contribute to the manufacture and development by South Africa of nuclear weapons or nuclear devices.

SEC. 5. UNITED STATES ASSISTANCE FOR THE TRANSITION TO A NONRACIAL DEMOCRACY.

(a) IN GENERAL. - The President is authorized and encouraged to provide assistance under chapter 10 of part I of the Foreign Assistance Act of 1961 (relating to the Development Fund for Africa) or chapter 4 of part II of that Act (relating to the Economic Support Fund) to support the transition to nonracial democracy in South Africa. Such assistance shall -

(1) focus on building the capacity of disadvantaged South Africans to take their rightful place in the political, social, and economic systems of their country;

(2) give priority to working with and through South African nongovernmental organizations whose leadership and staff represent the majority population and which have the support of the disadvantaged communities being served by such organizations;

(3) in the case of education programs -

(A) be used to increase the capacity of South African institutions to better serve the needs of individuals disadvantaged by apartheid;

(B) emphasize education within South Africa to the extent that assistance takes the form of scholarships for disadvantaged South African students; and

(C) fund nontraditional training activities;

(4) support activities to prepare South Africa for elections, including voter and civic education programs, political party building, and technical electoral assistance;

(5) support activities and entities, such as the Peace Accord structures, which are working to end the violence in South Africa; and

(6) support activities to promote human rights, democratization, and a civil society.

(b) GOVERNMENT OF SOUTH AFRICA. -

(1) LIMITATION ON ASSISTANCE. - Except as provided in paragraph (2), assistance provided in accordance with this section may not be made available to the Government of South Africa, or organizations financed and substantially controlled by that government, unless the President certifies to the Congress that an interim government that was elected on a nonracial basis through free and fair elections has taken office in South Africa.

(2) EXCEPTIONS. - Notwithstanding paragraph (1), assistance may be provided for -

(A) the Transitional Executive Council;

(B) South African higher education institutions, particularly those traditionally disadvantaged by apartheid policies; and

(C) any other organization, entity, or activity if the President determines that the assistance would promote the transition to nonracial democracy in South Africa.

Any determination under subparagraph (C) should be based on consultations with South African individuals and organizations representative of the majority population in South Africa (particularly consultations through the Transitional Executive Council) and consultations with the appropriate congressional committees.

(c) INELIGIBLE ORGANIZATIONS. -

(1) ACTS OF VIOLENCE. - An organization that has engaged in armed struggle or other acts of violence shall not be eligible for assistance provided in accordance with this section unless that organization is committed to a suspension of violence in the context of progress toward nonracial democracy.

(2) VIEWS INCONSISTENT WITH DEMOCRACY AND FREE ENTERPRISE.- Assistance provided in accordance with this section may not be made available to any organization that has espoused views inconsistent with democracy and free enterprise unless such organization is engaged actively and positively in the process of transition to a nonracial democracy and such assistance would advance the United States objective of promoting democracy and free enterprise in South Africa.

SEC. 6. UNITED STATES INVESTMENT AND TRADE.

(a) TAX TREATY. - The President should begin immediately to negotiate a tax treaty with South Africa to facilitate United States investment in that country.

(b) OPIC. - The President should immediately initiate negotiations with the Government of South Africa for an agreement authorizing the Overseas Private Investment Corporation to carry out programs with respect to South Africa in order to expand United States investment in that country.

(c) TRADE AND DEVELOPMENT AGENCY. - In carrying out section 661 of the Foreign Assistance Act of 1961, the Director of the Trade and Development Agency should provide additional funds for activities related to projects in South Africa.

(d) EXPORT-IMPORT BANK. - The Export-Import Bank of the United States should expand its activities in connection with exports to South Africa.

(e) PROMOTING DISADVANTAGED ENTERPRISES. -

(1) INVESTMENT AND TRADE PROGRAMS. - Each of the agencies referred to in subsections (b) through (d) should take active steps to encourage the use of its programs to promote business enterprises in South Africa that are majority-owned by South Africans disadvantaged by apartheid.

(2) UNITED STATES GOVERNMENT PROCUREMENT. - To the extent not inconsistent with the obligations of the United States under any international agreement, the Secretary of State and the head of any other department or agency of the United States carrying out activities in South Africa shall, to the maximum extent practicable, in procuring goods or services, make affirmative efforts to assist business enterprises having more than 50 percent beneficial ownership by South African blacks or other nonwhite South Africans, notwithstanding any law relating to the making or performance of, or the expenditure of funds for, United States Government contracts.

SEC. 7. INFORMATION AND EDUCATIONAL EXCHANGE PROGRAMS.

The Director of the United States Information Agency should use the authorities of the United States Information and Educational Exchange Act of 1948 to promote the development of a nonracial democracy in South Africa.

SEC. 8. OTHER COOPERATIVE AGREEMENTS.

In addition to the actions specified in the preceding sections of this Act, the President should seek to conclude cooperative agreements with South Africa on a range of issues, including cultural and scientific issues.

SEC. 9. INTERNATIONAL FINANCIAL INSTITUTIONS AND OTHER DONORS.

(a) IN GENERAL. - The President should encourage other donors, particularly Japan and the European Community countries, to expand their activities in support of the transition to nonracial democracy in South Africa.

(b) INTERNATIONAL FINANCIAL INSTITUTIONS. - The Secretary of the Treasury should instruct the United States Executive Director of each relevant international financial institution, including the International Bank for Reconstruction and Development and the International Development Association, to urge that institution to initiate or expand its lending and other financial assistance activities to South Africa in order to support the transition to nonracial democracy in South Africa.

(c) TECHNICAL ASSISTANCE. - The Secretary of the Treasury should instruct the United States Executive Director of each relevant international financial institution to urge that institution to fund programs to initiate or expand technical assistance to South Africa for the purpose of training the people of South Africa in government management techniques.

SEC. 10. CONSULTATION WITH SOUTH AFRICANS.

In carrying out this Act, the President should consult closely with South African individuals and organizations representative of the majority population in South Africa (particularly consultations through the Transitional Executive Council) and others committed to abolishing the remnants of apartheid.

Speaker of the House of Representatives.

Vice President of the United States and President of the Senate.

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