

RESULTS REVIEW
AND
RESOURCE REQUEST
(R4)

USAID/SOUTH AFRICA
MARCH 1998

*You turned prisons into museums and
prisoners into presidents.*

Rev. Jessie Jackson reference to the South African Transition
Regina Mundi Church, Soweto March 1998

Note:

Non-text files (e.g., spreadsheets, charts, maps, etc.)
have been appended at the end of the document

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April 1, 1998

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Dear Carol:

I am pleased to submit herewith USAID/South Africa's Results Review and Resource Request (R4) 2000. The Results section covers FY 1997, the year in which the Mission's Country Strategic Plan was formally approved. The Resource Request section lays the foundation for continuing our strategy at mid-point.

Against the background of a Government and country in continued transition, the Mission continued to make valuable and significant contributions to South Africa's transformation objectives. The R4 is a succinct presentation of the key factors affecting the Mission's performance of its Management Contract (SO level). It includes a summary of key adjustments at the Intermediate Results (IR) level for Strategic Objectives 1 (Democracy/Governance) and 2 (Education), based on a continuing, collaborative assessment of our experience with our partners both with in Government and civil society.

The Government has recently signaled its desire to have a review of our strategy, in context of its evolving priorities. The timing of this review will likely be within the next few weeks, and will be correlated with our joint Annual Consultations in mid-April. It is possible that the strategy review and Annual Consultations will conclude with proposed modifications to our program which cannot be anticipated in the R4's Resource Request section. Therefore, the Mission will summarize via cable the result of these dialogues with Government, and will identify any resource implications thereof. Further, I will be prepared to elaborate on the implications of these dialogues during my visit to Washington to participate in the R4 review.

I wish to note that the Mission benefited considerably from the joint, field-based REDSO/EA and USAID/W workshop on the R4 held in Johannesburg in February.

We equally appreciated the extensive, Washington-led review of the R4 process last year and the resulting modifications in content and approach, particularly the decision to apply field-based staffing decisions. We also appreciated the participation of the different virtual SO team members from Washington in the development of our R4.

The Mission looks forward to the Agency's review of our submission, in which I expect to participate.

Sincerely,

Aaron S. Williams
Director

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ACRONYMS

ABET	Adult Basic Education and Training
AIPA	African Institute for Economic Analysis and Economic Integration
ANC	African National Congress
ATRIP	African Trade and Investment Program
BHR	Bureau of Humanitarian Response
BICSN	Black Integrated Commercial Support Network
BLUE	Business Linkages for Underutilized Enterprise
BNC	Binational Commission
CBO	Community Based Organization
CHF	Cooperative Housing Foundation
CSO	Civil Society Organization
CSP	Country Strategy Plan
DCD	Department of Constitutional Development
DEAT	Department of Environment Affairs
DG	Democracy and Governance
DHS	Demographic and Health Survey
DOE	Department of Education
DOH	Department of Housing or Department of Health
DOTS	Directly Observed Treatment Short-Course
DTI	Department of Trade and Industry
ECDOH	Eastern Cape Department of Health
EMIS	Education Management Information Systems
EQUITY	EQUITY in Integrated Primary Health Care Project
EU	European Union
FET	Further Education and Training
FNB	First National Bank
G/WID	Global/Women in Development
GAFS	Get Ahead Finance Services
GCC	Global Climate Change
GEAR	Growth, Employment and Redistribution Macro-Economic Strategy
HCPT	Housing Consumer Protection Trust
HDI	Historically Disadvantaged Institution
HDP	Historically Disadvantaged Population
HG	Housing Guaranty Loans
HIID	Harvard Institute for International Development
HRC	Human Rights Commission
ICDA	Interfaith Community Development Association
IEE	Initial Environment Examination
IFP	Inkatha Freedom Party
INCA	Infrastructure Finance Corporation
IR	Intermediate Result
IRI	International Republican Institute
JSE	Johannesburg Stock Exchange
KZN	Kwa-Zulu Natal
KZN-PPT	Kwa-Zulu Natal Trust
MCDI	Medical Care Development International
MESP	Mandela Economics Scholars Program

MFI	Microfinance Institution
MIF	Mortgage Indemnity Fund
MIIF	Municipal Infrastructure Investment Framework
MIIU	Municipal Infrastructure Investment Unit
MOJ	Ministry of Justice
MOU	Memorandum of Understanding
MPP	Mission Program Plan
MTEF	Medium Term Expenditure Framework
NCCC	National Committee on Climate Change
NDI	National Democratic Institute for International Affairs
NEDLAC	National Economic Development and Labor Advisory Council
NEF	National Empowerment Fund
NGO	Non-governmental Organization
NHFC	National Housing Finance Corporation
NIEP	National Institute for Economic Policy
NPI	New Partnership Initiative
NQF	National Qualifications Framework
OPE	Office for Public Enterprise
PD/HPF	People's Dialogue/Homeless Federation
PHC	Primary Health Care
PHPT	People's Housing Partnership Trust
PSC	Personal Services Contract
PVO	Private Voluntary Organization
R4	Results Review and Resource Request
RFA	Request for Assistance
RP	Result Package
RSA	Government of the Republic of South Africa
SADOL	South African Department of Labor
SAIBL	South African International Business Linkages
SEGA	Support for Economic Growth and Analysis
SIDA	Swedish Development Agency
SME	Small and Microenterprise
SMME	Small Medium and Microenterprises
SO	Strategic Objective
SPIA	Strategic Plan for International Affairs
STD	Sexually Transmitted Disease
STGs	Standard Treatment guidelines
TA	Travel Authorization
TB	Tuberculosis
TELP	Tertiary Education Linkages Project
TRC	Truth and Reconciliation Commission
UEM	Urban Environmental Management
USAID/SA	United States Agency for International Development/South Africa
USDA	United States Department of Agriculture
USG	United States Government
WCCT	Western Cape Trust
WESSA	Wildlife and Environment Society of South Africa
WHO	World Health Organization

PART 1: OVERVIEW AND FACTORS AFFECTING THE PROGRAM

A. Overview

South Africa is of preeminent importance to U.S. foreign policy. It is by far the largest potential trading partner in sub-Saharan Africa and is a leader among nations in the region, both politically and economically. The principle U.S. foreign policy objective in South Africa, as defined in the U.S. Mission's Program Plan is, *to support South Africa's transition to an inclusive, pluralistic, market-oriented democracy, including a strong civil society.* This single, top priority encompasses the entirety of USAID/South Africa's program¹.

Although USAID/South Africa's program is large relative to other USAID programs in Africa, it is dwarfed by South Africa's domestic budget. The USAID budget in FY 1997 represents only 0.2 percent of the total budget of the Republic of South Africa (RSA) which was \$37.8 billion for 1997/1998. Yet, the program's impact on South African society is far greater than its relative size suggests. The true strength of the program is the value added to South Africa's strategic development process in areas such as policy development, systems design and capacity enhancement. With an ultimate goal of "sustainable transformation," the Mission's combined effort is providing support to South Africa's soundly conceived development vision.

In 1997, the USAID/South Africa program met and, in some areas, exceeded expectations. Democratic consolidation is proceeding apace as demonstrated by increasing popular awareness of citizen rights and strengthening laws and legal systems to ensure those rights. Social indicators (Human Development Index), exhibit a gradual but steady narrowing of the gap which divides the races, with the full impact of improved health and education systems not yet evident. Moreover, as the historically disadvantaged population gains access to financial markets and services to provide capital, jobs, and shelter, their participation is growing.

Through a program specifically designed to complement the RSA's own development agenda, the Mission has employed non-financial resources such as timeliness and flexibility to increase the value added by U.S. assistance. The Government of South

Select Indicators

Human Development Index For the Disadvantaged

1994 .497
1997 .569

Utilization of Select Governance & Rights Protection Institutions

Statutory Rights &
Obligation -- Human
Rights Commission

1996 50%
1997 67%

Labor Dispute Mechanism
--
Center for Conflict
Mediation & Arbitration

1996 55%
1997 95%

¹See Table 1, U.S. National Interest Comparison.

Africa has not had the luxury of a planning period. It has had to plan and implement simultaneously to meet the enormous expectations of its constituency. As the Government's agenda has evolved, USAID's program has exhibited extreme flexibility to support the work in progress, particularly in the areas of democracy and governance and education. Adjustments to both of these strategic frameworks have responded to expressed needs of our South African development partners. The Mission's strategy has also been adjusted to support the expanding relationships fostered by the U.S. - South Africa Binational Commission (BNC). Although USAID has co-chaired only one of the seven committees and one of two working groups, USAID/South Africa has played a strong, coordinating role for the entire effort and has been looked upon by all committees as a prime source of funding support. The Mission is currently working with the RSA to define alternative sources and mechanisms to support the diverse areas of the BNC.

Finally, through partnerships with a wide array of South African stakeholders, the USAID/ South Africa program has sought to enhance the capacity of South Africa to take a leadership role not only on the continent but in the world community, while striking a balance between the provision of appropriate development assistance and the foreign policy objectives of the U.S. Mission.

B. Factors Affecting The Program

Several important economic, political and management issues have affected USAID/South Africa's program performance and will continue to have an impact in 1998.

Economic Performance. South Africa has weathered the economic storms of the past year remarkably well, perhaps better than most emerging market economies. Despite the "Asian Crisis" the South African Rand has held its value well in the international market. Foreign investment is on the rise and investor confidence is good. Domestic inflation is on the decline with consumer inflation at 7.9 percent compared to 8.6 percent in 1994. Producer inflation has dropped to its lowest level in 27 years falling from 4 percent in January 1998 to 3.2 percent in March 1998. This performance has sparked a decline in interest rates.

Despite these positive global indicators, domestic indicators have been slower to respond to economic policy reforms. Movement on the full implementation of the government's new macroeconomic strategy, the Growth, Employment and Redistribution Macro-Economic Strategy (GEAR), has been slow and general economic performance in 1996 has been sluggish in terms of economic growth and job creation. Economic growth of 2.0 percent fell short of the targeted 2.9 percent, but did produce a positive per capita income growth. Employment continues to be a key issue for the government. Based on August 1997 figures, employment had contracted by 1.4 percent despite positive economic growth indicators.

Given the fact that gold prices are at a 21-year low and other countries' experience with the "Asian Flu," the South African economy has proven to be resilient. Gross domestic fixed investment is expected to grow at 3.5 percent in 1997 and, exports - especially agricultural

exports - have performed well with an average real growth rate of 5.8 percent.

Political Climate. A national presidential and parliamentary election is scheduled for 1999. Clearly, in the year prior to the elections the RSA is determined to demonstrate the development impact of its policies and programs. Given the magnitude of change required, the high level of popular expectation and relatively short period of time (1994-1999), this presents an enormous challenge. At the same time we believe this could well lead to accelerated implementation of our program.

U.S. - South Africa Relationship. The U.S. - South Africa relationship is constantly evolving. This is exhibited by the closeness between the Vice President and Deputy President in the BNC, increasing investment in South Africa by U.S. private interests, and the growing calls for increased consultation regarding the USAID program. The BNC has held four meetings to date and has increased its size from the original five committees to seven committees and two working groups. The latest additions were a Defense Committee and working groups on Health and Housing. USAID plays a critical role in supporting BNC activities. We have been able and will continue to respond positively to those requests which complement the Mission's strategic framework.

The RSA has shown increasing interest in the full breadth of USAID programs. In late February, the Ministry of Foreign Affairs conducted a review of our program at the request of the Office of the Deputy President. Their report recommended that the annual consultation meeting review the entire portfolio rather than just the bilateral portion, as had been the custom in the past. This will surely enhance coordination with our major partner, the RSA, but may initially cause some programmatic changes and delays. It should be noted that these consultations will take place in April 1998, after this R4 is submitted. There may be some changes to the Mission's program depending on the breadth of those discussions and the nature of changes suggested, i.e., strategic or programmatic.

New Issues of Importance. Three programmatic issues will be of increasing importance to the Mission's program during 1998:

Local Government. Strengthening effective local governance is essential to South Africa's democratic and socio-economic transformation. People are most likely to engage in the political process at the local level and local governments have a constitutional mandate to develop and provide services to communities. The capacity of local governments to meet their responsibilities therefore impacts just about everything USAID is involved in. While the RSA began a long-term effort to strengthen local government following the local elections of 1996-1997, it has become abundantly clear that the needs are greater than the available RSA resources. The recently issued White Paper clarified local government roles and responsibilities and paves the way for SO1 to design a program to strengthen effective, democratic and peaceful local governance. SO6, Housing and Urban Development, will expand its well-established municipal-

level programs while the health and education SOs are strengthening service provision at the provincial level. Expansion of SO6 activities is contingent on the availability of additional resources as elaborated in Part IV.

Trade and Investment. In response to the new trade and investment potentials in South Africa and consistent with President Clinton's Partnership for Economic Growth and Opportunity in Africa, USAID is launching the South African International Business Linkages (SAIBL) activity to support African-American business linkages. In addition to the core Mission funding, the activity is to receive \$400,000 from AFR/SD as endorsement of this initiative. In addition, USAID/SA is starting up a new program entitled Increased Microentrepreneur Access to Liquidity (IMALI) to improve the financial viability of local microfinance institutions which will be supporting thousands of potential black micro entrepreneurs. The program has strong endorsement and support from the G/EG/MD PRIME Funds with a \$1 million buy-in. And USAID/SA is initiating legal advise to the Ministry of Public Enterprise on critical legal issues impeding black empowerment. These three new initiatives call for USAID to revisit its earlier plan to discontinue SO5 funding after FY 1998 and instead to consider funding the on going program to expand trade for the mutual benefits of the United States and South Africa.

The Administration's Initiative for Growth and Opportunity in Africa and the USAID response - African Trade and Investment Program (ATRIP) resonate in South Africa. Increasing trade is a primary goal of the South African government and the U.S. Mission alike. Both recognize the critical importance of increased trade. At the same time, USAID program to support private sector development is phasing down - FY 1998 is the final year of funding and FY 01 will be the final year of activity implementation. Clearly, a decision is required on the future of this element of our program. The Mission is requesting additional funding in this area. (See Part IV)

Global Climate Change (GCC). The USAID strategy for development of a GCC program in South Africa will be closely tied to progress made by the RSA in the development of a strategy in response to its commitments under the United Nations Framework on Climate Change and the National Committee on Climate Change (NCCC). We intend to support and follow the RSA as they develop their own agenda and strategy. However, the development and implementation of such a program will be constrained by limited human and financial resources in the context of the competing demands of the transition, and by the anticipated heavy social and employment costs of a GCC program in coal-powered South Africa. The most appropriate short-term USAID (and USG) role will be to assist the NCCC, when requested, in developing the strategy and engaging civil society stakeholders in the development and review of the policy paper.

Internal Management Factors

Managing for Results. During the past year, all of the SO teams made a concerted effort to validate and refine indicators, realign results frameworks, and put in place M&E mechanisms to facilitate managing for results. Furthermore, and with an aim to maximizing results per management unit, a considerable effort was made to move away from implementation through stand-alone activities to large umbrella grants and contracts. The efficiencies of this approach

will become increasingly apparent during 1998.

Program Synergies. All of USAID/South Africa's SOs exhibit a high degree of natural synergy. The Mission's SO Teams have taken significant steps towards coordinating their programs in order to create planned synergies as well. Notable progress during the reporting period has been made by SO in coordination with SO1 in the area of local government. Additional opportunities for collaboration among SO1, SO2, SO5 and SO3 have been identified.

In late FY 1996, in the wake of the RSA's clarification of local government arrangements, SO6 negotiated a bilateral grant agreement with the Department of Constitutional Development (DCD) to focus on municipal infrastructure finance and service delivery. This program is complemented by a number of grants which provided hands-on management training to municipal officials and technical assistance to local-authority associations and networks. The underlying assumption was that the provision of high-quality services to their constituents was the hallmark of a successful local authority. SO1, for its part, has been working with NGOs to support community participation in local developmental decisions, including those related to levels of infrastructure and service provision. They have also undertaken management training and supported local-level partnerships for economic development. The natural convergence of these two programs has resulted in several joint discussions with the DCD, the delineation of areas of funding and activities, and will culminate in the development of agreements that should reinforce the work being done by the two SOs and result in a stronger local authority program.

Additional synergistic relationships exist between D/G and Education where SO1 is working with the Ministry of Justice to link their development of rights education with the efforts underway at the Ministry of Education in curricula reform. SO4, Economic Policy Capacity and SO2, Education, have several natural links. The Mandela Scholars is a bursary program which links to the workforce development aspect of SO2. The creation of an economic center of excellence is serving as a model to other HDIs in the creation of such centers. SOs 5 and 6 are both involved in municipal service delivery issues and are jointly funding a consultant to identify and promote these linkages.

Future options that we will be exploring include: another opportunity for collaboration between SO1 and 2 in the area of constitutional education; linkages between SO urban infrastructure development and SO3's health program; SO2's workforce development team is contemplating business skills training which would be a natural adjunct to SO5's small and microenterprise program activities; SO5 is also discussing the complementarity between privatization activities and municipal restructuring.

Increasing Bilateral Programming. USAID has bilateral relationships with nine South African ministries. This is a vast difference from a Mission that, four years ago, implemented its entire program through NGOs. Slightly over 50 percent of our budget is programmed in direct partnership with the government. However, it should be noted that over 90 percent of the balance of the portfolio is programmed with NGOs that directly support the RSA's program.

Reflecting the limited institutional experience of the government, the management of the bilateral agreements poses a challenge that has resulted in a slow burn-rate of obligated funds and a delay in implementing bilateral activities. For example, only two of the nine partner ministries have met USAID's onerous contracting and financial management certification requirements. Thus, the procurement burden of our program is still born largely by the Mission. USAID/South Africa is addressing this issue by continued dialogue to facilitate an understanding of USAID and RSA procedures, and increased training at all levels.

Gender Strategy. In accordance with the USAID/South Africa CSP, a comprehensive gender strategy is being developed. With significant and extensive support from G/WID, each SO Team systematically assessed their programs for gender opportunities and issues. In addition to SO-specific recommendations, this exercise will enable the Mission to incorporate concrete gender strategies and indicators within its existing program. It is important to note that many of our South African partners and the South African Government are exceptionally interested and active in gender issues.

PART II: PROGRESS TOWARDS OBJECTIVES

Table 1: Summary Table

Objective Name	Rating	Evaluation findings
SO1: Democratic Institutions Strengthened through Civil Society Participation	Expectations Met	<p>1. DG Sector Assessment: Conducted by an independent NGO. Concluded that strengthening representative linkages between elected officials and citizens, especially at the level of local government, is critical to democratic consolidation.</p> <p>2. Retrospective Study: The draft study examines the effectiveness of USAID DG programs within the larger context of South Africa's transformation. Drafts suggest that while transformation has been fully driven by South Africans themselves, USAID rights, justice, conflict resolution, policy, and leadership assistance have made significant contributions to the transformation. Final document expected by June 1998.</p>
SO2: Transformed Education System Based on Equity of Access and Quality	Expectations Met	NONE
SO3: More Equitable, Unified and Sustainable System Delivering Integrated Primary Health Care Services to all South Africans	Expectations Met	<p>1. Clinic Baseline Survey: Eastern Cape Province, 1997; Hospital Baseline Survey, Eastern Cape Province, 1997; Training Needs Assessment: EQUITY Project, 1997; Baseline Survey of the Primary Health Care Essential Drug Program; Eastern Cape Province, 1997: All of these have contributed to development of performance indicators;</p> <p>2. Impact Evaluation of PHC Management and PHC Comprehensive Skills Training of Trainers; EQUITY Project, 1997: Findings show a dramatic increase in the use of community participation skills, improvements in the trainees being open and supportive with other staff, in planning and management were observed.</p>
SO4: Improved Capacity of key Government and Non-Government Entities to Formulate, Evaluate and Implement Economic Policies	Expectations Exceeded	NONE
SO5: Increased Access to Financial Markets for the Historically Disadvantaged Population	Expectations Exceeded	<p>BISCN Project: Broke new ground by bringing BEs into important business areas from which they had been almost entirely excluded up to 1994. BISCN was therefore instrumental in opening the formal establishment to the concept products in Corporate Procurement, Franchising and Growth, Mergers and Acquisitions.</p> <p>Also client co-payment for technical services is viewed by the evaluation team as a sound approach and proved to be a useful filter to determine the seriousness of prospective clients. These findings were incorporated into the design of the new SAIBL.</p>
SO6: Increased Access to Environmentally Sustainable Housing and Urban Services for the HD Population.	Expectations Exceeded	Center For Policy Studies: Confirmed the trend towards smaller shelter loans and confirmed households' preference for smaller manageable loans.
Percent funding through NGOs and PVOs: FY 1998 33%; FY 1999 30%; FY 2000 42%		

Table 2: U.S. National Interest Comparison²

Priority	U.S. Mission MPP 1997	USAID/South Africa Strategic Objectives as Compared to MPP Priorities
1	Support South Africa's Transition to an inclusive, pluralistic, market-oriented democracy, including a strong civil society.	SO1: Democracy/Governance SO2: Education SO3: Health SO4: Economic Policy Capacity SO5: Private Sector SO: Housing & Urban Development
2	Encourage restructuring towards a sustainable, market-based economy in a manner which will concurrently rectify the socio-economic inefficiencies and legacies of apartheid.	SO4: Economic Policy Capacity SO5: Private Sector
6	Bring to fruition the initiatives arising from the Binational Commission process.	SO2: Education SO3: Health SO4: Economic Policy Capacity SO5: Private Sector SO: Housing & Urban Development
7	Promote regional cooperation in Southern Africa.	SO1: Democracy/Governance SO4: Economic Policy Capacity SO5: Private Sector
10	Promote collaboration among private, public and non-governmental sector.	SO1: Democracy/Governance SO2: Education SO3: Health SO4: Economic Policy Capacity SO5: Private Sector SO: Housing & Urban Development

²U.S. Mission to South Africa 1997 Mission Program Plan. The U.S. Mission has not yet revised its Program Plan in accordance with the Strategic Plan for International Affairs (SPIA) and plans to complete this exercise in late F 98. Therefore, USAID presents herein a comparison of USAID objectives with the most current Mission plan.

A. SO1: DEMOCRATIC INSTITUTIONS STRENGTHENED THROUGH CIVIL SOCIETY PARTICIPATION

1. Performance Analysis

FY 1997 progress on the democracy and governance (DG) strategic objective (SO) met performance expectations. This determination is based on actual performance versus planned targets, key accomplishments, and a qualitative assessment of portfolio performance. These factors show that USAID DG activities in the areas of rights and justice, conflict resolution, policy formulation, public management, and partnerships for local development made significant contributions to South African efforts for democratic and effective engagement of state institutions and civil society actors. Concurrently, USAID's DG program directly supports South Africa's democratic consolidation, a U.S. foreign policy priority of the highest order.

Mission responses to South Africa's transition from apartheid to constitutional democracy increasingly balance efforts at strengthening civil society participation with activities that bolster effective governance. Prior to 1994, the Mission supported peaceful civil society challenges to the apartheid regime. Subsequent to the 1994 transition, Mission programs supported government and civil society efforts to craft a constitution, policy framework, and institutions that enable the consolidation of a liberal and responsive democracy. In the wake of the transition and through the end of the strategy period, the challenge increasingly becomes one of supporting institutional responses to high citizen expectations and demands. This approach is reflected in the modified results framework presented in Part III.

a. Justice and Rights

Only a few years ago, an unjust legal system denied many human and civil rights to the majority of South Africans. Today a constitutional and statutory framework for rights protection is in place and that framework is being enforced by the Ministry of Justice and a set of independent institutions, including the Constitutional Court, the Public Protector, the Human Rights Commission, the Truth and Reconciliation Commission, and the Gender Commission.

We continue to be a lead donor in helping South Africans craft this new system. Through each phase of the transition, appropriately tailored USAID support has been critical to meeting evolving justice and rights challenges. We have supported (1) the development of an enabling constitutional and policy environment for a rights culture; (2) a strong institutional base for guaranteeing rights; and (3) nation-wide awareness and education campaigns that continue to deepen a rights culture among South African citizens. The Mission will continue to support full establishment of this rights culture and the strengthening of institutions to protect it.

Performance data suggest that this programmatic combination of policy, institutional, and educational support is making significant and measurable impact on increasing the awareness, practice and protection of human rights. In FY 1997, Mission partners trained over 300,000 people in democracy and rights and reached urban and peri-urban audiences nationwide with awareness media campaigns. Preliminary data disaggregation by gender suggests that at least half

of those trained were women, signaling a broadening of rights education to a key and traditionally marginalized sub-group. The Department of Education's formal incorporation of democracy and rights education into the national school curriculum was also highly significant. The Mission matched rights efforts aimed at ordinary citizens with support to the Ministry of Justice, the Human Rights Commission (HRC), and other key rights institutions to strengthen the policy and institutional frameworks for effective responses to rights infractions.

The result of these and past efforts is that 45 percent of South Africans are aware of their rights (this is significantly higher than pre-survey rights experts' predictions of 20-30 percent in 1997); increasing numbers of people are reporting rights abuses to USAID-supported advice centers and the constitutionally-mandated HRC; and the HRC is beginning the arduous task of processing cases and seeking restitution. These trends are highly encouraging given the RSA's only recent legitimization of democratic rule of law.

FY 1997 JUSTICE HIGHLIGHTS:

- Assistance to the TRC to produce key public reports on dramatic amnesty hearings, including the PEBCO 3, Stephen Biko, and Chris Hani murder cases, thereby helping heal deep societal wounds inflicted during the apartheid era
- Drafting support for the first civil rights bill (widely considered the most important bill of the 175 pieces of legislation slated for debate during the current year parliamentary schedule) and the first affirmative action bill.
- Assistance to the nascent Human Rights Commission to lay out a five year action plan to carry out its constitutional mandate of fully applying the nation's landmark bill of rights.
- Training of over 500 historically disadvantaged legal professionals and placement of nearly 100 in internships. Of these, about half were subsequently articulated with major law firms. This helped meet the RSA's challenge of making the judiciary more representative of all South Africans.

Results measurement in the rights and justice area was enhanced by South Africa's first-ever nationwide rights awareness and practice survey, funded by USAID. The survey provides critical information about the culture of human rights in South Africa and the effectiveness of USAID programming in developing and deepening that culture. It is also informs the decisions and programs of policy makers, other donors and NGOs concerned with improving rights protection.

We continue to assist the Ministry of Justice's efforts to transform the justice system within the context of "Justice 2000," the MOJ's multi-year strategic plan. The plan, formally unveiled late in the reporting period, defines the vision, tactics, and measures for a more efficient, accessible, fair, and representatively staffed justice system capable of protecting rights and combatting crime. While our support represents only a very small portion of the Ministry's total resources, it has been important for realizing key aspects of Justice 2000.

To assist the RSA to guarantee rights, we will continue successful interventions with NGO partners while working with the MOJ and the HRC to (1) better concentrate our resources on increasing access to justice; (2) find a cost-effective, simple way of measuring increased access; and (3) increase expenditures rates on the bilateral agreement.

b. Conflict Resolution

Politically-related deaths continued their steady decline in KwaZulu-Natal, the RSA's most violence-ridden province, falling from over 2,000 in 1994 to 318 in 1997. While the main cause of this decline was national level negotiations by political party leaders, USAID-funded conflict resolution efforts by local NGOs also contributed to these encouraging reductions.

To decrease conflict, the Mission helped train over 2,600 people; facilitate the involvement of 200 trainees in mediating conflicts; and institutionalize eight additional conflict mediation structures in local governments, schools and communities in KwaZulu Natal (KZN). We are finding that these efforts help prevent the spread of smaller conflicts into larger ones, as would have been the case in KZN in prior years. With the award of nine additional conflict resolution grants in FY 1997 to support the piloting of an integrated dispute resolution system, USAID will continue to be the lead donor in this field. Local conflict resolution should contribute to a more peaceful environment for the 1999 national election.

USAID interventions prevent conflicts in a range of areas: race relations training for students helps sensitize them to their differences and build tolerance levels between them; workshops for community members in violence-prone areas help bring people of opposing political stripes together to see that their conflicts often arise around basic issues like water and grazing rights and service delivery, and that resolution of these is best addressed through collaborative participation among stakeholders and local officials; and training for provincial and local government elected and technical officials helps these deal with the range of conflicts that arise on the ground as government transitions from apartheid to constitutional democracy.

LOCAL GOVERNMENT: CONSENSUS OVER CONFLICT

The Ugu Regional Council represents the turbulent Southern Coast region of KwaZulu-Natal. The area is known more for a history of violence than for its economic growth and tourism opportunities. The council is faced with enormous service delivery backlogs in a highly politicized area. In FY 1997, the Mission funded a strategic planning workshop with local government staff and councilors. ANC, IFP, and traditional leaders were present. Participants crafted a developmental vision for their regional authorities and a strategic plan to achieve that vision. These were subsequently approved and are being implemented by local government. The success of the council in putting aside political differences and a violent past in favor of collaboration toward local development is a significant achievement that underscores the potential of local government as the place to democratically resolve conflict while addressing development needs.

A major lesson learned from our conflict resolution work is the importance of integrating conflict mediation interventions into local government structures and the communities within their jurisdictions. Independent of one another and through different means, all USAID conflict resolution partners (as well as other NGOs) have arrived at this same conclusion and are modifying their approaches accordingly. It has become increasingly clear that engaging citizens in the process of solving local development problems has helped them find common ground,

reduce conflict, and improve their lives. USAID-funded multi-party community development forums, integrated dispute resolution systems, and local government training increasingly take this approach.

c. Participation in Policy Formulation

A hallmark of South Africa's new political order has been the strong commitment of the Government to popular participation, reflected in the Constitution and in the Government's approach to development of policies and laws. USAID has supported this since the 1994 election through grants to local civil society organizations (CSOs) engaged in disseminating public policy information and support to legislative and other government structures that are conduits for public participation. Our support continues to emphasize the civil society side of participatory policy formulation while other donors, especially the EU, are investing more significantly than us in strengthening parliamentary functions.

In 1997, CSOs continued to play a dynamic and vital role in policy formulation. Over 300 CSOs made inputs to 20 of the 99 bills passed by the National Parliament. USAID-funded partners made inputs to nearly half of these. Included in these 20 were bills that addressed major issues of land tenure, judicial strengthening, crime, and prisons. USAID-funded partners sold or distributed over 150,000 copies of informative policy-related literature. Our CSO partners generated extensive high quality public information that was critical to helping many other organizations make informed inputs into legislation.

USAID also funded training and technical assistance to government officials in developing key policies and to parliamentarians, provincial officials and local government councilors in effectively soliciting citizen inputs to those policies. For example, USAID helped the Department of Constitutional Development and a standing parliamentary committee to develop the Green Paper on Local Government, which sets the framework for the final transition from apartheid to "developmental" local government. Through the National Democratic Institute for International Affairs (NDI) and the Foundation for Contemporary Research, USAID financed a local government study mission to the U.S. for key drafters of the Green Paper as well as a major research effort to provide critical empirical information on grassroots level constraints to good local governance. Many CSOs, including USAID partners, made important inputs to the Green Paper and subsequent White Paper³. These are the key policy documents that will enable achievement of a new Mission IR on effective, democratic and peaceful local governance.

d. Public Management and Partnerships for Development

Through our experiences in public management and partnerships for development, we have learned that both approaches are a means to effective, democratic, peaceful local governance, but not development results per se. We are incorporating this lesson into our modified framework (see Part III). In FY 1997, our accomplishments in these areas included:

³In the South African Parliamentary system, a Green Paper is an early draft of a bill leading to the development of a White Paper, and finally, legislation.

--Working with the International Republican Institute (IRI), the Joint Center for Political and Economic Studies, and the South African Foundation for Public Management, USAID funded the strengthening of strategic planning, financial management and economic development systems in a major provincial government and over 20 local governments. Local government financial management training materials developed by IRI have been adopted by the RSA's National Business Initiative and are being replicated through nationwide financial management training for local civil servants.

--USAID support enabled the government of the Northwest Province to implement a revenue collection program that increased income by millions of Rands, thereby decreasing the province's dependence on central government revenue sharing. This effort was so successful that there is now demand to replicate the system in three other provinces.

--Structured in accordance with the Agency's New Partnership Initiative (NPI), USAID assistance to partnerships for development has focused on replicable models for how communities can work with local governments and businesses to leverage scarce resources toward enhancing local development. An example is a joint venture for a tourism center between the government of Harrismith, local community groups, and private entrepreneurs. Lessons learned from the Harrismith experience were included in the Local Government Green Paper, leading to a potentially significant leveraging of the impact generated by this experience.

2. Prospects for Future Progress and Actions to Address Performance Issues

a. Expected Progress through FY 2000

We expect continued progress on the current intermediate results and SO through 1999, with the more focused, three IR program (see Part III, Status of the Management Contract) coming fully on line by 2000. Mission activities will continue to support more effective and democratic engagement of citizens and the state in selected functional areas at the national, provincial and local spheres of government, which contributes to democratic consolidation.

Significant measurable progress will continue in the areas of rights awareness and practice with complementary USAID institutional strengthening efforts continuing to build the capacity of the Ministry of Justice, the court system, and the Human Rights Commission to guarantee rights. In addition to USAID support, rights and justice progress will receive a boost from increased education and awareness activities associated with the 50th Anniversary of the UN Human Rights Declaration and South Africa's 1999 election.

Although South Africa hopes to see continued decline in democracy-threatening conflict, uncertainty remains about how such tensions will play out during the lead-up to the 1999 election. In the past, relatively minor incidents quickly spread out of control; today they have become manageable. For this encouraging trend to continue, political party leaders will persist in their efforts to promote peaceful dispute resolution; community and local government training efforts must continue; and more mechanisms for conflict management must be put in place and utilized. Our program will continue successful efforts to date in the latter two areas.

Mission-supported CSOs will continue to participate in the policymaking process either directly or by informing the participation of the larger population on policy issues. 1998 will be a busy

year as the national parliament plans to nearly double the amount of bills considered. Major bills slated for enactment include the civil rights, affirmative action and key pieces of local government legislation (all being drafted with Mission support).

The current portfolio of public management and partnerships-for-development activities will continue but will be progressively focused on a new IR related to effective and democratic local governance (see Part III, Status of the Management Contract).

b. Management Actions

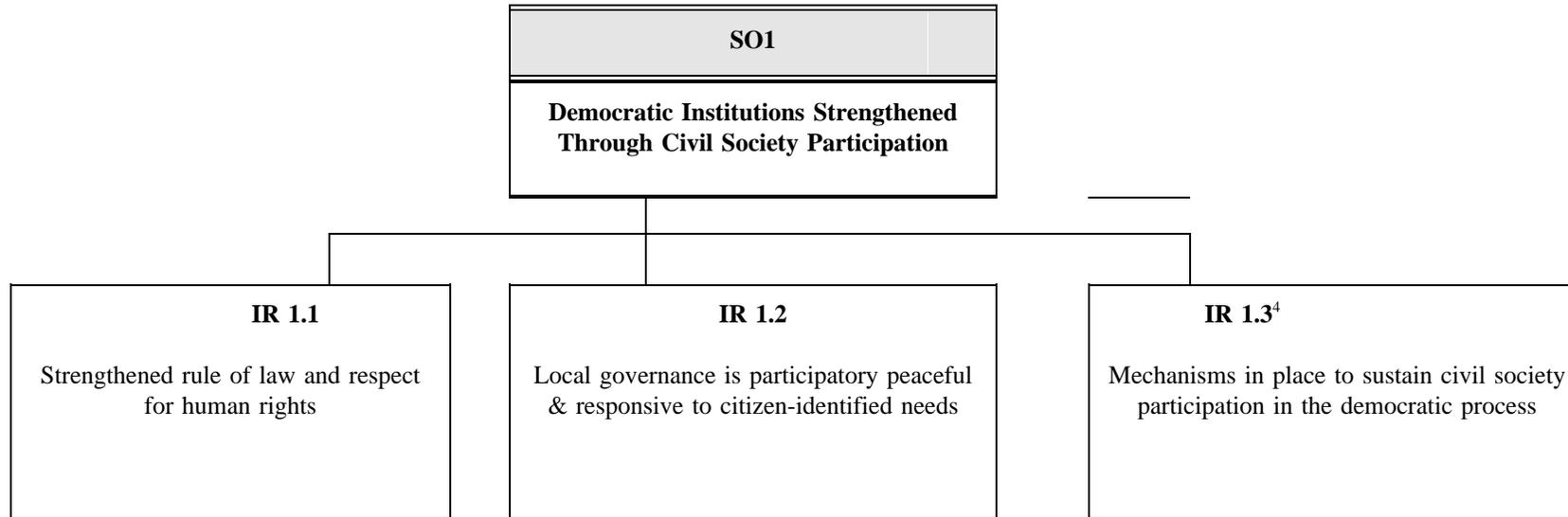
Our efforts at performance-informed management are leading us to more focused investments in areas where political commitment and the enabling environment are favorable. For example, we have not made significant investments in public management at the national level, in spite of great needs in this area, because we did not believe the environment was favorable for strong results. We also moved slowly on public management at the provincial level until we knew more about the role of the provinces in the RSA's developing governance structure. Since this structure appears to be giving a major role to local government, we will target our public management support as a means to an improved local governance result in our modified results framework (see Part III). We also rationed our support for partnerships for development until the "market" for such partnerships in South Africa was more clear. Because we are discovering that partnerships for development are better undertaken as a means to more effective and democratic local governance, we are eliminating this as a separate IR in our modified results framework (see Part III).

Full funding in future years will be critical if we are to achieve all IRs in the modified results framework. Funding cuts threaten our ability to meet commitments to the Ministry of Justice to strengthen key justice institutions and make justice more accessible to South Africans. Similarly, cuts will limit our ability to work with selected local governments and citizens in making local governance more effective, democratic, and peaceful. Reductions are most likely to affect our ability to support mechanisms that sustain civil society participation in the democratic process. This would be unfortunate given our strong support to civil society to date in helping South Africans build an increasingly plural and participatory democracy. If the Mission receives the requested funding levels, we believe the RSA, with its own, USAID's and other donor resources, will have achieved the DG results shown in the modified results framework by the time the program closes. The Mission's goal of democratic consolidation, however, will not occur within the timeframe of the program nor will it be attributable solely to Mission efforts. Finally, with approximately \$40 million in ongoing activities, and an average monthly decrease in the pipeline of \$2.2 million, our pipeline meets the Agency's 18 month guidelines.

3. Performance Data Tables

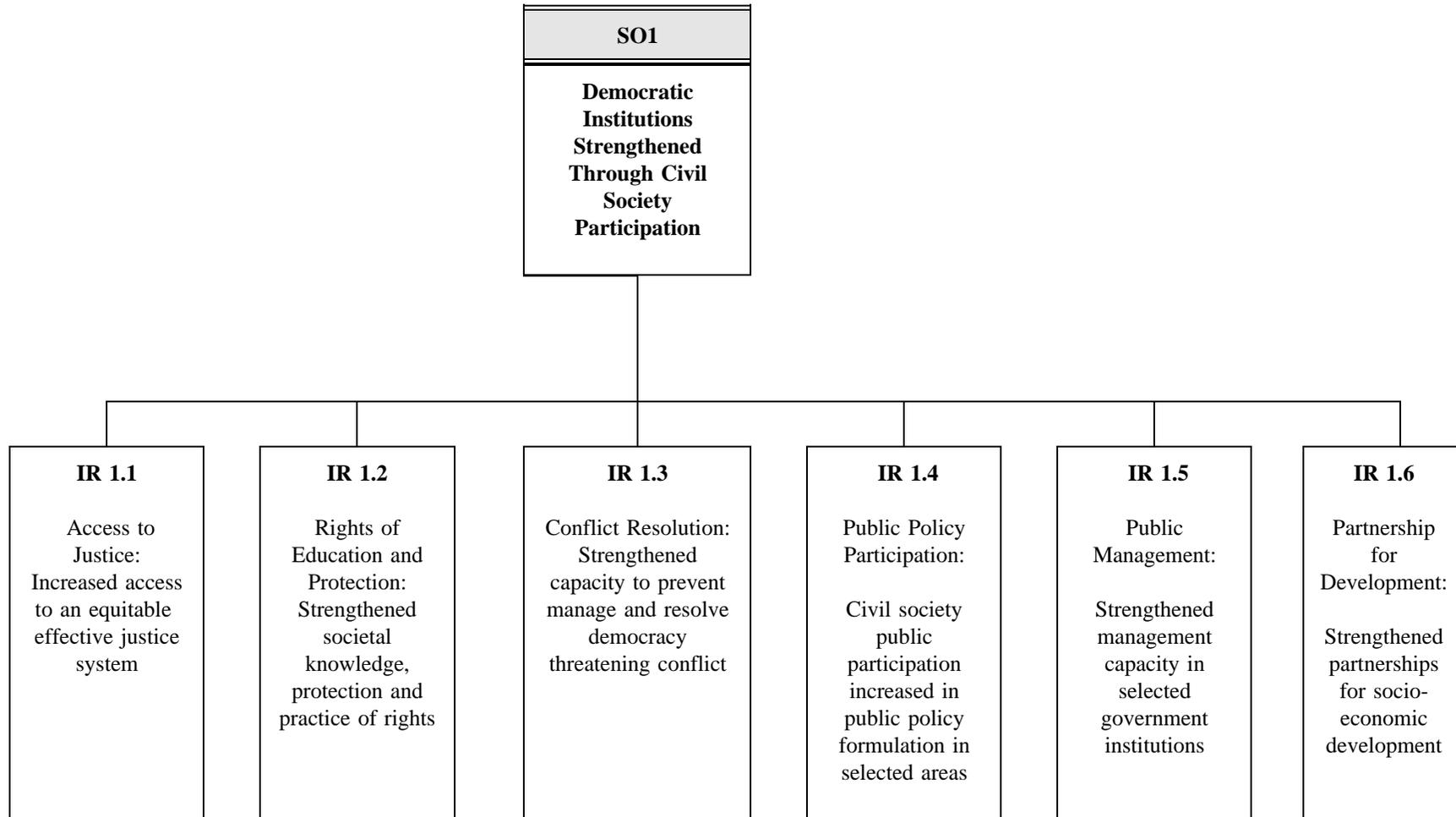
During FY 1997, the Mission invested a high level of effort in defining indicators that measure USAID's impact at the SO and IR levels and collecting and analyzing performance data. That analysis confirms the point made in last year's R4 that, while USAID is a major DG donor, South Africans themselves are driving the consolidation of democracy, with foreign assistance making an incremental yet important contribution. USAID impacts are most directly related to changes at the intermediate result level; at the SO level USAID impacts are less direct but meet the test of plausible association. Indicator development, negotiation with partners, and bringing partners on board on issues of data collection was an enormous workload during FY 1997, for both Mission staff and partners. Now that systems are in place, we expect the process to be easier and are committed to simplifying and improving our performance monitoring process.

Figure 1: SO1 Results Framework



⁴ IR 1.3: To be designed in consultation with partners and stakeholders during FY 1998

Figure 1a: Old SO1 Results Framework



OBJECTIVE: Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation
APPROVED: 05/22/1997 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 1: Democratic institutions strengthened through civil society participation

INDICATOR: Percent of the total number of bills enacted by national parliament that had civil society input

UNIT OF MEASURE: Percent of bills enacted SOURCE: South African Institute for Race Relations (SAIRR). SAIRR is a secondary source for this indicator. SAIRR derives the indicator value from a review of Explanatory Memoranda accompanying most bills tabled in Parliament. These memoranda state which bills enacted by parliament had civil society input and which CSOs participated.	YEAR	PLANNED	ACTUAL
	1996 (B)		13%
INDICATOR DESCRIPTION: Number of bills enacted that included civil society input, divided by the total number of bills enacted, times 100. "Civil society" is interpreted broadly to include NGOs, professional associations and other groups.	1997	17%	20%
COMMENTS:	1998	21%	
(1) 1996 value = $14/108 \times 100 = 13\%$ 1997 value = $20/99 \times 100 = 20\%$	1999	22%	
(2) 1996 value is a conservative estimate as information available to USAID may not include all bills passed with civil society inputs in 1996.	2000	25%	
(3) The primary source for this indicator (Parliament's Explanatory Memoranda) often do not include fully comprehensive lists of civil society organizations, the degree to which inputs were reflected in legislation, nor the degree to which inputs were substantive. They do however, describe the percent of bills passed that had at least some civil society input. This is important insofar as it is one of many measures that demonstrate where USAID's program seeks to have impact, e.g., on a social contract characterized by effective responses of democratic institutions to democratically negotiated citizen concerns.	2001	27%	
	2002	29%	
	2003	31%	
(4) Planned figures are extremely tenuous and will depend on a variety of factors outside the Mission's management control including the capacity of CSOs to sustain participation in the political process and continued government willingness to actively solicit civil society inputs to the policy making process. Additionally, the upcoming elections will result in a shorter parliamentary session in 1999 and perhaps a lower level of civil society and government interest in policymaking as all eyes are on the polls. This gives us cause to project a small increase in the 1999 target. Despite measurement difficulties, experts concur that increases in civil society inputs to legislation bodes well for democratic consolidation.	2004	33%	
	2005	33%	

OBJECTIVE: Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 1: Democratic institutions strengthened through civil society participation

INDICATOR: Number of politically motivated deaths in KwaZulu Natal.

UNIT OF MEASURE: Human deaths

SOURCE: Human Rights Committee of South Africa

INDICATOR DESCRIPTION: Same as "INDICATOR". Years are fiscal years.

COMMENTS:

USAID-funded conflict resolution activities contribute to but do not directly cause the positive downward trends in political related deaths in KwaZulu Natal.

Planned figures for all years except 1999 show a 30% annual drop from actual or planned previous year levels. Such a drop is based on past trends. 1999 planned figures show an increase because national elections are planned for that year. Noteworthy also is the fact that should a rumored political merger between the African National Congress and the Inkatha Freedom Party occur, political related deaths would likely decline markedly. Generally, planning political related deaths is a highly uncertain and difficult undertaking.

These figures are based on reports received by the Human Rights Committee. These do not purport to be the exact number of deaths, which in all likelihood is higher as some deaths and incidents are not reported or could not be confirmed.

YEAR	PLANNED	ACTUAL
1994B		2087
1996	835	525
1997	367	318
1998	226	
1999	1000	
2000	700	
2001	490	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 1: Democratic institutions strengthened through civil society participation			
INDICATOR: Number of cases processed by the Human Rights Commission			
UNIT OF MEASURE: Number of processed cases	YEAR	PLANNED	ACTUAL
SOURCE: Human Rights Commission data base	1997 (B)		2093
<p>INDICATOR DESCRIPTION: Processed cases include (1) those rejected by the Human Rights Commission (HRC); (2) those referred to other rights bodies by the HRC; and (3) those formally investigated by the HRC. Cases are most often rejected when the HRC determines that no violation of human rights has occurred. Cases are referred when the HRC identifies a more appropriate body to handle the case. These bodies include the Gender Commission; the Public Protector; the Independent Complainant Directorate; the Commission for Conciliation, Mediation and Arbitration; the Commission on Restitution of Land Rights; the Truth and Reconciliation Commission; the Independent Electoral Commission; and Legal Aid Board clinics. Cases are accepted and investigated by the HRC when it determines that a human rights violation has occurred and that it is the most appropriate body to handle the case.</p> <p>Under the Human Rights Commission Act of 1994, the South African Constitution granted the HRC powers to subpoena those involved in specific cases; the right to search and seizure; and the right to present case findings to courts of law for formal adjudication.</p>	1998	2302	
	1999	2533	
	2000	2786	
<p>COMMENTS:</p> <p>Although the HRC began accepting cases in July 1996, its legal departments in Johannesburg and Cape Town became effectively operational and began processing cases in early 1997. Therefore, the baseline for this indicator is 1997.</p>	2001	3064	

<p>Increases in the planned values for this indicator signify (1) an increase in human rights awareness among the South African public and (2) first order actions taken by the highest human rights institution in the nation (which is a USAID beneficiary) to address human rights violations. The HRC expects the number of cases processed to grow steadily through 2005, although the rate of growth is not clear. In the absence of historical data or any analytical grounding for projecting values for this indicator, the Mission has projected a 10% annual growth rate. Projections will likely be revised in future years as the HRC continues to collect data on this indicator. Factors contributing to increased values for this indicator include nationwide awareness programs by the HRC's media and education departments; the inclusion of human rights training into formal educational curricula; a better understanding of the roles and powers of the HRC by the South African legal community which will lead to more case referrals to the HRC; the ability of the HRC to establish its own trust and raise its own funding in addition to the funds it receives from the Ministry of Justice which will lead to more awareness campaigns and more staff; NGO rights education programs; and the potential incorporation of major rights bodies under the auspices of the HRC. In varying degrees, USAID supports many of these initiatives.to</p>	2002	3371	
	2003	3708	
	2004	4079	
	2005	4487	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation			
APPROVED: 05/22/1997		COUNTRY/ORGANIZATION: South Africa	
RESULT NAME 1.1: <i>Access to Justice</i> : Increased access to an equitable effective justice system			
INDICATOR: Civil rights legislation drafted and presented			
UNIT OF MEASURE: National Legislation	YEAR	PLANNED	ACTUAL
SOURCE: Ministry of Justice			
INDICATOR DESCRIPTION: This indicator measures whether or not justice institutions (in this case the Ministry of Justice and the Human Rights Commission) have developed a critical piece of the legal framework that makes the justice system accessible, equitable and effective, and that enables rights awareness, practice, and protection. COMMENTS: Since this is a one-time activity, USAID will not report it in an R4 performance data table beyond the point at which legislation is presented to cabinet. For this reason, no planned figures are included here for 2000 and beyond. However, because civil rights legislation is important to the achievement of the strategic objective and although promulgation falls far outside the Mission's management control, the Mission will track enactment of the legislation and inform AID/W of this through future R4 narrative submissions.	1997 B		No Legislation
	1998	Legislation Drafted	
	1999	Legislation Presented	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 1.1: *Access to Justice*: Increased access to an equitable effective justice system

INDICATOR: Number of historically disadvantaged legal professionals enter mainstream legal practice

UNIT OF MEASURE: Historically disadvantaged legal professionals	YEAR	PLANNED	ACTUAL
SOURCE: Grantee Records: Black Lawyers Association (BLA), Center for Human Rights (CHR), Integrated Bar Project (IBP)	1996 (B)		50
INDICATOR DESCRIPTION: This indicator measures the number of historically disadvantaged law students and professionals receiving USAID-funded support that are offered apprenticeships ("articled" in South African parlance) or some other form of employment with law firms. Values are measured cumulatively.	1997	100	97
COMMENTS:	1998	150	
(1) Training and the subsequent placement of historically disadvantaged legal professionals are critical to the RSA's stated objective (as documented in the Ministry of Justice's Strategic Plan entitled "Justice 2000") of a justice system that is more representative of the country's racial and gender make up. The Mission's democracy and governance program funds (a) training of historically disadvantaged legal professionals; (b) placement of trainees in internships; and (c) trainees entrance into mainstream legal practice.	1999	350	
(2) In FY 1997, approximately 47 historically disadvantaged legal professionals were articled with well-established law firms. 527 were trained; 95 were placed in internships (44 females and 51 males)..	2000	500	
(3) 1996 and 1997 values for this indicator are estimates as grantees have not been required to follow up with each and every trainee to see whether articles were obtained. However, beginning in 1998, values will be based on grantees' precise counts of all beneficiaries entering mainstream legal practice.	2001	650	
(4) Achievement of planned figures beyond 1999 are subject to the availability of funds and final Mission decisions regarding SO1 strategic directions. Should the Mission decide to slow or cease training and placement for historically disadvantaged lawyers in favor of other results, Mission may not achieve these targets.	2002	800	
	2003	800	
	2004	800	
	2005	800	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation **APPROVED:**
05/22/1997 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 1.2: *Rights Education and Protection:* Strengthened societal knowledge, protection and practice of rights

INDICATOR: Number of human rights violations reported

UNIT OF MEASURE: Human rights violations at USAID-supported advice centers	YEAR	PLANNED	ACTUAL
SOURCE: Grantee Records: National Institute for Public Interest Law and Research (NIPILAR), the Center for Social and Legal Studies (CSLS), the Center for Criminal Justice (CCJ)	1996 (B)		2673
INDICATOR DESCRIPTION: This indicator addresses protection and practice aspects of the intermediate result. It measures the number of cases that are brought to USAID-supported advice centers. The purpose of this indicator is to 1) monitor caseload of the advice centers; and 2) ascertain whether there is an increase or decrease in the number of human rights cases over time. Data collected helps assess knowledge, understanding, respect for and practice of human rights by South Africans. Values are annual, not cumulative.	1997	3208	8030
COMMENTS:	1998	9100	
(1) Highly effective citizen responses to USAID-funded rights education programs and a conservative planning number account for USAID far exceeding the 1997 target.	1999	10,000	
(2) The steady increase in the planned number of cases reported is due to: (a) the positive enabling environment for rights violations awareness and reporting, e.g. the government of South Africa's stated commitment to human rights as documented in the Constitution, the bill of rights, the USAID-funded Ministry of Justice Strategic Plan (entitled "Justice 2000"), and other documents; and (b) Government, USAID, and others donor rights education efforts that increase rights awareness which increase cases reported.	2000	12,000	
(3) Note also that this year USAID has revised projections upward relative to last year's R4 projections due to the fact that USAID and partners have learned more about rights violations reporting through the collection of data on this indicator in 1997.	2001	15,000	
(4) USAID anticipates a decline in reported rights violations after 2005, as rights awareness increases, rights are respected, and more effective prosecution of rights infractions becomes the norm.	2002	17,000	
	2003	20,000	
	2004	23,000	
	2005	25,000	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation
APPROVED: 05/22/1997 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 1.2: *Rights Education and Protection:* Strengthened societal knowledge, protection and practice of rights

INDICATOR: Number trained in democracy and human rights

UNIT OF MEASURE: People trained	YEAR	PLANNED	ACTUAL
SOURCE: Grantee Records: National Institute for Public Interest Law and Research (NIPILAR), the Center for Social and Legal Studies (CSLS), the Center for Criminal Justice (CCJ)	1996 (B)		264,242
INDICATOR DESCRIPTION: This indicator measures the number of people trained in rights education by USAID-supported partners. Training activities focus on different target groups including: "Trainers" who train others in rights and democracy education; "Service providers" who are paralegals, prison warders, and others involved in practices that require a knowledge and understanding of rights; and "community members" who are ordinary citizens at the grassroots level. Values are measured on an annual basis.	1997	300,000	317,482
COMMENTS:	1998	400,000	
(1) The full impact of USAID-funded is not captured by this indicator. For example, this indicator does not count all those trained by a trainer trained by a USAID partner. If we were to count those receiving rights training through this " ripple effect", we would claim a higher impact than that reflected by the numbers reported herein.	1999	400,000	
(2) During this reporting period, some of our partners further desegregated these figures by both sex and type of participant:	2000*	400,000	
CSLS 20, 436 trainees - 45% male, 55% female 1,441 trainers - 35% male, 65% female	2001*	400,000	
Street Law 250,000 trainees - 40% male, 60% female 17, 500 trainers - 50% male, 50% female	2002*	400,000	
The remaining partners will also provide such disaggregation during the next reporting period.	2003*	400,000	
(3) Achievement of planned targets are subject to the availability of funds and final Mission decisions regarding SO1 Strategic directions. Should the Mission decide to slow or cease rights education activities in favor of other results, Mission will not achieve these targets.	2004*	400,000	
	2005*	400,000	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation

APPROVED: 05/22/1999 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 1.2: *Rights Education and Protection:* Strengthened societal knowledge protection, and practice of rights

INDICATOR: Percent of total population aware of rights

UNIT OF MEASURE: Percent of a nationally representative sample of South Africans	YEAR	PLANNED	ACTUAL
SOURCE: National Institute for Public Interest Law and Research (NIPILAR) Human Rights Survey of 1997	1996 (B)		20-30%
INDICATOR DESCRIPTION: This indicator is measured by a series of survey questions that asked a nationally representative sample of respondents if they were aware of: the Constitution, the Bill of Rights, the Human Rights Commission, the Public Protector, the Commission on Gender Equality and the Constitutional Court.	1997	20-30%	45.5%
COMMENTS: (1) The baseline and 1997 planned figures are what experts predicted the value for this indicator would be prior to conducting the rights awareness survey. The 1997 actual figure of 45.5% is significantly greater than the 20-30% predicted value. This is encouraging for it suggests that training, mass awareness campaigns, and other interventions are having a far greater impact than expected. (2) Increases in planned figures are attributable a variety of factors including: (a) the continued work of the judiciary to promote awareness of human rights; (b) human rights education by NGOs; (c) the work of the Human Rights Commission; (d) constitutional reforms of the government; (e) heightened awareness of the relationship between human rights and crime; and (f) media surrounding the 50th Anniversary of the Universal Declaration of Human Rights (1998). (a) through (c) and (f) are supported by USAID. (3) This survey is the first of its kind to measure South Africans' awareness of human rights. For the first time in South Africa, the study provides critical baseline information in the area of human rights awareness, practice and education. USAID will likely support implementation of a revised survey in 1998 and 1999.	1998	48%	
	1999	56%	
	2000	70%	
	2001	75%	
	2002	75%	
	2003	75%	
	2004	75%	
	2005	75%	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME: 1.2: *Rights Education and Protection:* Strengthened societal knowledge protection, and practice of rights

INDICATOR: Percent of total population practicing rights

UNIT OF MEASURE: Percent of a nationally representative sample of survey question respondents.

SOURCE: National Institute for Public Interest Law and Research (NIPILAR) Human Rights Survey of 1997

INDICATOR DESCRIPTION: This indicator is measured by a series of survey questions that asked respondents if they made use of, relied on or appealed to the Bill of Rights, the Human Rights Commission, the Public Protector and the Commission on Gender Equality.

COMMENTS:

(1) In contrast to a high awareness rate among South Africans, this low rate of rights practice is attributable to: the newness of the human rights instruments (and related education campaigns), poor geographic and language accessibility of institutions, continued suspicion of instruments, perception that instruments protect only criminals, and high poverty rates.

(2) USAID expects these figures to increase rapidly in the short term because of an increase in rights messages as part of the lead up to the 1999 elections. These increases will most likely appear in the 1999, 2000, and 2001 National Rights Surveys. Figures will then increase modestly over time as a result of human rights and democracy education going on around the country, including the work of USAID-supported NGOs. Planned figures will be checked against the results of NIPILAR's planned 1998 Rights Survey. Based on actual 1998 figures, projections will likely be revised.

(3) This survey is the first of its kind to measure South Africans awareness of human rights. For the first time in South Africa, the survey provides critical baseline information about human rights awareness, practice and education. USAID will likely support implementation of a revised survey in 1998, 1999 and beyond.

YEAR	PLANNED	ACTUAL
1997 (B)		2.05%
1998	4%	
1999	10%	
2000	12%	
2001	15%	
2002	17%	
2003	19%	
2004	21%	
2005	23%	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 1.3: Conflict Resolution: Strengthened capacity to prevent, manage, and resolve democracy threatening conflict

INDICATOR: Number of trained people involved in conflict mediation/management

UNIT OF MEASURE: Number of trained people involved in conflict mediation/management.	YEAR	PLANNED	ACTUAL
SOURCE: Grantee records and reports: African Center for Conciliation and the Resolution of Disputes (ACCORD); Independent Mediation Services of South Africa (IMSSA)	1997 (B)		195 (80 female) (115 male)
INDICATOR DESCRIPTION: Training areas include conflict mediation and management. "Involved" is operationally defined to mean that persons trained in conflict mediation and management actually participate in resolving disputes. Values are tracked and reported on an annual basis.	1998	1000	
COMMENTS:	1999	800	
(1) In 1997, 175 ACCORD trainees were involved in conflict mediation/management and 20 IMSSA trainees were involved in conflict mediation/management.	2000	800	
(2) In last year's R4, Mission reported a similar, but lower level indicator worded as "Number of people trained in methods and mechanisms of conflict mediation and management". The 1996 value for this indicator was 11,370 people trained through eleven grants. As part of an on-going process of assessing and improving its democracy and governance performance monitoring efforts, the Mission decided that last year's indicator was more an output than a result. Therefore, the Mission will (a) move last year's indicator to lower levels of the results framework and cease to report it to AID/W; and (b) measure and report on the indicator as stated above, which we consider to better show impact. Because we do not have data for this newly worded indicator for 1996, the baseline year becomes 1997.	2001	800	
	2002	400	
	2003	200	
	2004	100	
(3) For future years, the main grantee contributing to this indicator (IMSSA) will determine whether trainees were involved in conflict mediation by interviewing a sample of trainees annually and then extrapolating the sample to the total number of trainees. Grantees receive USAID funding to collect this data.	2005	0	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 1.3: *Conflict Resolution:* Strengthened capacity to prevent, manage, and resolve democracy threatening conflict

INDICATOR: Number of functioning mediation structures established at provincial and local level

UNIT OF MEASURE: Conflict mediation structures	YEAR	PLANNED	ACTUAL
SOURCE: Grantee records: Institute for Multi Party Democracy (IMPD); Vuleka Trust Foundation; Independent Mediation Services of South Africa (IMSSA); and African Center for the Constructive Resolution of Disputes (ACCORD)	1996 (B)		2
INDICATOR DESCRIPTION: Conflict mediation services and/or units established with USAID assistance and functioning in provincial governments, local governments, schools, or communities.	1997	15	16
COMMENTS: (1) Last year this indicator was phrased and defined in a slightly different manner: "Number of functioning public service mediation units at local and provincial levels". This year, the Mission has reworded the indicator and expanded the definition so as to better capture and measure the full impact of all conflict resolution grantees. Specifically, the definition has been expanded beyond public sector mediation structures to include community and school structures. Experimenting with different conflict resolution models gives the Mission important information about what works and what does not in preventing and managing democracy threatening conflicts. (2) 1996 baseline value is attributable to functioning mediation structures established by ACCORD in the Durban metro government's electricity and housing units. (3) 1997 actual values are attributable to: (a) one community dispute resolution forum established by the IMPD in a violence ridden area in Northern KwaZulu Natal; (b) two mediation structures established by ACCORD in the Durban metro governments department of Health; (c) five peer mediation structures established by Vuleka in high schools in KZN; (d) 4 community-based resolution systems established by CDRT in the Eastern Cap, Gauteng and Free State provinces; and (e) 2 community dispute resolution systems by KLTC in KZN. (4) After 2,000, focus will shift from establishing new structures to strengthening the existing 32 structures. For this reason, planned values straight line at 32 beginning in 2,000 through the end of strategy period.	1998	25	
	1999	30	
	2000	32	
	2001	32	
	2002	32	
	2003	32	
	2004	32	
	2005	32	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 1.4: <i>Public policy participation:</i> Civil society public participation increased in public policy formulation in selected areas			
INDICATOR: Number of bills enacted by Parliament into which USAID-supported civil society organizations (CSOs) made inputs			
UNIT OF MEASURE: Number of Civil Society Organizations	YEAR	PLANNED	ACTUAL
SOURCE: South African Institute for Race Relations (SAIRR). SAIRR is a secondary source for this indicator. SAIRR derives the indicator value from a review of Explanatory Memoranda accompanying most bills tabled in Parliament. These memoranda list the CSOs making inputs to each bill enacted.	1996 (B)		5
INDICATOR DESCRIPTION: The indicator is one measure of USAID-supported CSO's level of participation in the policy formulation process at the national sphere of government. It measures the number of bills enacted by parliament into which USAID-supported CSOs had input. USAID-supported CSOs include SO1 grantees and other SO Team grantees. Values are tracked annually.	1997	13	13
COMMENTS: (1) USAID believes this is an important indicator to track because (a) the government of South Africa has made a constitutional commitment to engaging civil society in policy formulation; (b) civil society participation in policy formulation is an important feature of a consolidated democracy; and (c) this measures part of USAID's impact in strengthening the role of civil society in a democratic South Africa. (2) This indicator replaces the indicator reported in last year's R4 for this result. That indicator was "Number of elected officials trained to engage constituents." While USAID continues to have impact on that indicator, we feel this year's indicator is a better measure of the higher level impact of our efforts in area of participation and policy formulation. (3) 1996 value is a conservative estimate as available information may not include all bills passed with CSO inputs in 1996. (4) The primary source for this indicator (Parliament's Explanatory Memoranda) often do not include fully comprehensive lists of CSOs nor the degree to which inputs were substantive. Therefore, this indicator does <u>not</u> measure the significance of CSO inputs nor whether inputs were reflected in the final legislation.	1998	18	
	1999	10	
	2000	10	

<p>(5) The increase in 1998 projections reflects a large expected legislative workload (175 bills versus 108 in 1996 and 99 in 1997). The drop in 1999 is caused by the fact that legislators may work less and campaign more as elections approach. As the Mission's operating year budget continues to fall we will likely have to fund fewer CSOs and this may affect impact on this indicator. Therefore, attainment of targets is contingent on availability of funds and Mission strategic decisions on how to deploy increasingly scarce resources toward addressing a variety of challenges in the democracy and governance sector. Additionally, continued government commitment to engaging CSO participation in policy formulation is critical to meeting future targets. Finally, the Mission anticipates measuring and reporting other aspects of sustained CSO participation in the democratic process as part of its modified strategy (see Section III). These measures will be defined as part of the design process for this modified result. We are not certain we will continue to report this measure after 2000.</p>	2001	10	
	2002	10	
	2003	10	
	2004	10	
	2005	10	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 1.5: <i>Public management:</i> Strengthened management capacity in selected government institutions			
INDICATOR: Number of USAID-supported significant management improvements in government institutions			
UNIT OF MEASURE: Number of significant management improvements	YEAR	PLANNED	ACTUAL
SOURCE: Grantee reports from IRI (International Republican Institute) and SAFPUM (South African Foundation for Public Management & Development)			

INDICATOR DESCRIPTION: Significant management improvements include: - at the municipal level, strategic, business, and local economic development plans designed and in process of implementation - at the provincial level, revenue collection program - at the national level, capacity building for senior public managers in economic development	YEAR	PLANNED	ACTUAL
Values are measured and reported on an annually.			
COMMENTS:			
(1) While the number of municipal councils that IRI will work with in the future will remain fairly static, replication of a municipal financial management training module has begun on a national scale as IRI manuals and training techniques have been adopted by the National Business Initiative.	1997	36	39
(2) SAFPUM's work with the North West Province led to implementation of a system to collect revenue in arrears. This has increased provincial revenue significantly and has resulted in similar efforts in two other provinces of nine total in South Africa.	1998	37	
(3) SAFPUM supported human resource development, including historically disadvantaged managers, in the Ministry of Minerals and Energy Affairs to promote exploitation of minerals and energy resources, key sectors of the national economy.	1999	39	
(4) Note that because of a Mission decision to focus and concentrate the Democracy and Governance Result Framework (RF), this result and indicator will drop from the intermediate result level of the RF and will no longer be reported in future R4s. For this reason we are not including planned numbers beyond 1999.we			

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation			
APPROVED: 05/22/1997		COUNTRY/ORGANIZATION: South Africa	
RESULT NAME 1.6: <i>Partnerships for Development:</i> Strengthened partnerships for socio-economic development			
INDICATOR: Number of partnership models developed			
<p>UNIT OF MEASURE: USAID-supported partnerships for local socio-economic development between local governments and community-based organizations.</p> <hr/> <p>SOURCE: Social Change Assistance Trust (SCAT) and Education with Enterprise Trust (EWET)</p> <hr/> <p>INDICATOR DESCRIPTION: USAID-supported partnerships for local socio-economic development between local governments and community-based organizations.</p> <hr/> <p>COMMENTS:</p> <p>(1) EWET established 4 partnerships in the Free State province. SCAT partnerships will be established in 1998.</p> <p>(2) Note that after assessing the democracy and governance (DG) sector and the DG results framework (RF), the Mission has determined that “strengthened partners for socio-economic development” (the IR which this indicator measures) is less a result and more a means to effective and participatory local governance. For this reason and as part of a Mission decision to focus and concentrate the DG RF, we anticipate that this result will (a) be moved to lower levels of the modified RF; (b) support achievement of the new local governance result; (c) continue to be measured by the Mission, but (d) likely not be reported to AID/W in future R4s.</p>	YEAR	PLANNED	ACTUAL
	1996 (B)		0
	1997	4	4
	1998	19	
	1999	1	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 1.6: Partnerships for Development: Strengthened partnerships for socio-economic development

INDICATOR: Number trained in partnership development skills

UNIT OF MEASURE: Men and women trained

SOURCE: Education with Enterprise Trust (EWET) and Social Change Assistance Trust (SCAT)

INDICATOR DESCRIPTION:

Training refers to skills building in areas critical to establishing partnerships for local social and economic development between local governments and community-based organizations. Training is in financial management, planning, and community development.

COMMENTS:

(1) Training was conducted in strategic planning, financial management, negotiation, and project management skills.

(2) The target for 1997 was exceeded as a result of a high demand from various local governments for introductory training on the concept of partnerships. This led to an additional 170 people being trained.

(3) The drop in 1999 planned figures is caused by a planned tactical shift away from training people in partnership development toward developing and consolidating partnership models.

(4) Note that after assessing the democracy and governance (DG) sector and the DG results framework (RF), the Mission has determined that "strengthened partners for socio-economic development" (the IR which this indicator measures) is less a result and more a means to effective and participatory local governance. For this reason and as part of a Mission decision to focus and concentrate the DG RF, we anticipate that this result will (a) be moved to lower levels of the modified RF; (b) support achievement of the new local governance result; (c) continue to be measured by the Mission, but (d) likely not be reported to AID/W in future R4s.

YEAR	PLANNED	ACTUAL
1996 (B)		0
1997	74	274 100 female 174 male
1998	308	
1999	30	

Strategic Objective 1: Democratic Institutions Strengthened Through Civil Society Participation

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 1.6: *Partnerships for Development:* Strengthened partnerships for socio-economic development

INDICATOR: Number of projects facilitated by partnerships

UNIT OF MEASURE: Projects that improve socio-economic development

SOURCE: Social Change Assistance Trust (SCAT); Education with Enterprise Trust (EWET)

INDICATOR DESCRIPTION: Indicator measures the number of projects undertaken as a result of USAID-supported partnerships between local governments and community based organizations.

COMMENTS:

(1) EWET's work has led to establishment of a tourism center in Harrismith; and 3 youth entrepreneurship projects in Tweeling, Ladybrand, and Theunissen

(2) Note that after assessing the democracy and governance (DG) sector and the DG results framework (RF), the Mission has determined that "strengthened partners for socio-economic development" (the IR which this indicator measures) is less a result and more a means to effective and participatory local governance. For this reason and as part of a Mission decision to focus and concentrate the DG RF, we anticipate that this result will (a) be moved to lower levels of the modified RF; (b) support achievement of the new local governance result; (c) continue to be measured by the Mission; but (d) likely not be reported to AID/W in future R4s.

YEAR	PLANNED	ACTUAL
1996		0
1997	4	4
1998	18	
1999	2	

4. Environmental Compliance

Under SO1, Democratic Institutions Strengthened through Civil Society Participation, the unresolved deferral for Community Foundations under the Participatory Development IR is now moot since the Mission will not implement this activity. The FY 1997 Reg. 216 documentation, which covered all six of SO1's IRs will need to be cross-referenced to fewer IRs, under a reformulated SO1 during FY 1998. Two IEEs, which have activities with potential for minor or only indirect environmental impacts, have required adherence to RSA environmental procedures. The only major new activity anticipated for SO1 in FY 1998 and 1999 is a new local government program, currently planned to begin in FY 1998.

B. SO2: TRANSFORMED EDUCATION SYSTEM BASED ON EQUITY OF ACCESS AND QUALITY

1997 was a year of hope and progress, frustration and disappointment for South African education. There were stunning successes, some of which USAID directly supported, that are literally transforming the education system from one based on racial privilege and shrewd manipulation, to one in which equal opportunities are afforded to all. There were also set-backs -- most notably a financial crisis that led to out-of-control provincial spending on wages, limiting the nation's ability to increase the quality of education for its needy majority. SO level

targets were achieved as were those of the 3 pre-existing IRs. In transforming the vital education system to serve all South Africans this SO is contributing to the highest priority objective of the U.S. Mission - To Support the South African Transformation.

Through NGO providers and strengthened partnerships with the provincial and national DOEs, USAID leveraged its education investments to make broad, significant contributions to education transformation. Our program trained thousands of teachers to apply new, interactive methods, enriched hundreds of classrooms with new materials and technologies, facilitated progress in the emerging youth development sub-sector, elevated the profile and clarified the objectives of marginalized adult education programs, strengthened historically disadvantaged tertiary institutions, and provided scholarships to hundreds of South Africa's future leaders. These achievements contribute directly to the new Agency goal for education.

Policy formulation was largely completed in 1997. Legislation governing basic and higher education is in place. Policies and implementation plans are completed for adult education, and almost completed for further education. USAID's support for rigorous analysis, technical assistance, and broad consultation contributed to this major accomplishment. The RSA has now laid the foundation for a more stable, supportive policy and management environment, achieving one of the essential prerequisites to ensuring education investments that achieve impact in a system that is still emerging from a confusing period of consolidation.

CURRICULUM 2005 STARTER PACKS HELP AVERT A CRISIS

An Orientation Training program for 350,000 teachers played a crucial role in building awareness and understanding of the country's new innovative outcomes based curriculum. Packages of instructional materials that explained the basics of outcomes-based education were distributed to 30,000 schools. These starter packs, coupled with 13 million newspaper supplements published in six newspapers and as low-cost "run-on" copies for schools, put useful teaching tools directly in the hands of anxious teachers. Cascade training enabled several provinces to begin the phased introduction of Curriculum 2005 in Grade 1 on schedule.

"Delivering" on the promises and plans in the policy documents became the catchword and the focus of USAID's retooled program. South African educators learned that, as difficult as it is to develop responsive policy, enacting those policies is even more difficult, especially in a system that has inherited massive inequalities in management capacity and infrastructure. 1997 witnessed the deepening of the RSA's appreciation of the challenges ahead, a tempering of confidence, and the creation of a more practical basis for tackling the country's daunting education dilemmas.

We have taken a number of steps to better manage for results. They include a revised Results Framework that sets ambitious targets and collaborative program designs that give practical meaning to the term transformation (See Part III Management Contract).

1. Performance Analysis

a. Improving the Quality of Primary Education

USAID/SA's basic education program made critical contributions to: (1) improving national and provincial finance and education management information systems; (2) introducing a new outcomes-based curriculum; and (3) training teachers in new methods and continuous assessment.

Education Management Information Systems (EMIS) targets were met, as planned, in two of the four focus provinces. A School Register of Needs, funded by the Swedish Development Agency (SIDA), mapped more than 32,000 educational institutions. Complementary funding by USAID trained provincial officials to mine this database for detailed school-level information, including spatial analyses of farm schools, regional overviews, and identification of "worst off" schools. As a result, provinces are beginning to make finance and planning decisions that target resources and attention to the most needy schools. The national DOE -- with USAID technical assistance -- has used the data to develop a new school funding formula to allocate public resources to schools. Based on norms and standards tied to physical resources and performance, the formula shifts 75% of non-personnel resources towards the 40 percent most needy schools. This work will have a long-term impact on increasing equity and quality by helping to redress funding and performance gaps between historically advantaged and disadvantaged schools.

Through grants to 15 South African NGOs, over 21,000 primary school teachers have reoriented their teaching towards preparing pupils for the challenges they face in South Africa's changing society. USAID support for teacher development included several firsts in South African education. For example, an NGO course became the first early childhood development, distance education program to be accredited by the South African Government, thereby allowing teachers with experience but without formal qualifications to be eligible for acceptance into teachers colleges. We encouraged NGOs to partner with institutions of higher learning and/or provincial Departments of Education, increasing program sustainability and leveraging USAID's investment.

USAID contributed to significant progress in the development of new curricula based on South Africa's cutting-edge National Qualifications Framework (NQF). The NQF articulates all levels of the education sector, from pre-primary to post-graduate study, into a common accreditation system that allows multiple entry and exit points, life-long learning, and recognition of prior non-formal learning. Sophisticated and ambitious, the NQF underpins the system's effort to transform itself to meet the needs of all South Africans. USAID financed the development of many of the building blocks of the NQF, including the refinement of policy on continuous assessment and quality assurance and the development of *unit standards* upon which learning programs and instructional materials will be based.

b. Increasing Opportunities in Further Education

Further education and training (FET) includes formal high school and a range of programs such as vocational training at technical and agricultural institutes, community education, high school equivalency programs, youth programs, and other non-formal training. Through support to FET institutions, USAID focuses on the needs of the approximately 3 million out-of-school youth who were denied the opportunity to complete their education. The DOE has demonstrated a high level of commitment to transform the existing, fragmented vocational education sector into a more coordinated further education and training system.

Of the five education subsectors in which USAID is involved, FET is the most complicated -- encompassing formal high school and a vast range of vocational and non-formal studies -- and as a result, is the one in which policy and programming are least well developed. Indeed, the government spent 1997 struggling to formulate a policy for the sub-sector to support systemic reform rather than single projects, mobilize broad public support, and strengthen institutional capacity in the sub-sector. Despite the lack of a finalized formal policy and program strategy, USAID's investments in this sector -- which to date have focused on experimenting with a community education approach -- did produce results:

- * All nine provincial education departments have established one pilot community college by rationalizing and transforming an existing institution;
- * NGO community college models, such as Funda in Soweto, are providing technical assistance to provincial education departments on options to convert redundant teacher colleges and technical institutes into FET colleges;
- * NGOs and government bodies established partnerships to develop joint research, policy options, and to design courses accredited by the DOE;
- * Provincial education departments in the Free State, Eastern Cape and Northern Province developed draft legislation on community colleges; and,
- * Meetings of stakeholders to broaden the debate on FET and national youth policy.

c. Increasing Success in Higher Education

The higher education sub-sector recorded substantial progress. Most notable was an increase in

the proportion of black students enrolled in degree programs, up from less than 25 percent in 1992 to 56 percent in 1997. Women constituted 54 percent of total enrollments in higher education. Despite fairly high enrollment rates, black **graduates** constituted only 17 percent of the total number of South African graduates due in part to poor educational quality at HDIs. However, this reflects an increase of 6 percent over 1996, exceeding our planned target. We do not expect much growth in enrollments during the next three years, although by improving quality at HDIs, we expect to achieve significant increases in the percent of black graduates. Improving internal efficiency is the key to increasing the rate at which students pass through the system, reducing unit costs and allowing more students to enter and succeed.

Underlying this progress were a number of successes to which USAID contributed. The national bill for higher education was passed, establishing a policy that redresses past inequalities. The Vice Chancellors of the 15 HDIs, in an example of outstanding participatory management, honed the focus of USAID's investments in their institutions to five priorities for broad institutional impact (curriculum, student development, staff development, administration and management, and research). Programs in each area began to yield tangible results for the HDIs. For example, using TEEP funds, six HDIs established foundation programs for under-prepared students. Four others started curriculum reform, and strategic planning is well established at 13 of the 15 institutions. To ensure the sustainability of these initiatives, a huge training program is upgrading the academic qualifications of HDI staff. Twenty-nine HDI staff started Masters and PhD coursework.

d. Workforce Development

Facilitating the rapid integration of blacks into leadership and executive positions, improving the skills of newly-appointed government officials, and creating opportunities for South Africans to compete in a global economy are the focus of USAID's Workforce Development Program which currently supports:

- * 1,126 Bachelors, Masters and PhD students in South African universities and technikons;*65 Masters and PhD candidates in U.S. universities;
- * 75 students pursuing diplomas in science and technology programs in South African technikons;
- * High level management training programs in the U.S. for managers, HDI faculty and senior government employees; and,
- * Internships in U.S. business and executive development training in South Africa.

Currently, U.S.-based degree training focuses on junior faculty at the HDIs. This plus the program's contribution to the achievement of the intermediate result for higher education by increasing the percentage of black graduates are examples of integration among program components. As the indicator in the performance monitoring plan demonstrates, the workforce development program is making a difference in the lives of thousands of black South Africans. The program has achieved a 95 percent pass rate for long-term degree participants studying in the U.S. Hundreds of academically-deserving black students have seized the opportunity to

further their studies and now occupy senior positions in the South African government and business.

e. Adult Education and Training (ABET)

The DOE estimates that as many as 3 million South African adults are illiterate and millions more lack the basic skills needed to start businesses or find employment. Under-funded and ignored, ABET programs were the first to be cut this year as provinces grappled with huge budget deficits. The principal problem we faced during the reporting period is that, in the absence of an agreed policy, it has been difficult to find consensus on program focus. As a result, USAID's ABET activities have tended to respond to *ad hoc* requests from partners struggling to make sense out of the sub-sector. This has produced some important achievements, such as support for a new ABET policy and Multi-Year Implementation Plan that stresses cooperation between public and private providers, and focuses on basic skills and employability; inventories and needs assessments in the Eastern Cape and Northern Province which identified curriculum, teacher training, and learning materials as priorities; and the production of unit standards (training outcomes and their associated assessment criteria) for adult learning programs in English, science, math, reading and writing. These standards now serve as the model for national adoption across the sector. In addition, using USAID-financed TA, provinces have strengthened programs to train adult literacy practitioners and developed purpose-designed instructional materials such as a new set of teachers' guides for assessing adults.

Each of these achievements represent important building blocks towards a more coherent ABET system. Much of the team's efforts during the year were focused on working with the national and provincial ABET directorates, to assemble a program of support that will directly reach adult learners. Towards this end, we revised our results and indicators to put adult learners at the center of our efforts. In a breakthrough, we agreed with the DOE to develop complete learning programs in agriculture and small enterprise development, areas of special importance to uneducated, rural women in our two target provinces.

2. Prospects for Future Progress and Actions to Address Performance Issues

a. Prospects for Future Progress

Prospects for achieving meaningful results in the education sector are brighter now than at any time since the 1994 elections. First, difficulties brought about by the consolidation of the old apartheid structures into a unified government (19 different departments of education had to be merged) are being resolved, and the government has a better sense of how to move towards its goals and how to partner with donors such as USAID. Second, with the basic policies now in place, attention has turned to what South Africans call delivery, but what we would term achieving results. These developments, many of which only began to occur towards the end of this year, provide an environment which is much more supportive of program planning, partnership, and achieving results than in the past.

In 1998, USAID will work with the Department of Education to move the RSA President's Education Initiative forward through a series of NGO grants to implement school-based programs to provide support to teachers, implement Curricula 2005, and improve school governance. Management information systems, vital to education planning, will be completed.

In further education, USAID will continue its dialogue with the DOE to define specific activities targeted at the needs of out-of-school youth. This design effort, which will be completed in April 1998, will accelerate performance and progress in this sub-sector. Given slow progress relative to USAID's other education efforts, we do not plan on investing new funds in FET.

Expected progress during 1998 in the area of higher education includes the expansion of compensatory programs at HDIs to reach approximately 70 percent of incoming freshman, new programs targeting student social needs, an increased number of revised curricula in the sciences and related fields, and improved administrative systems. Fifteen more HDI staff will start MA and PhD degrees in the U.S. in 1998.

In the ABET sub-sector we will support the DOE to develop learning programs, instructional materials, and teacher training programs in agriculture and small enterprise development. These are areas of special importance to uneducated rural women in our two target provinces. We will also assist the provinces to implement these programs in adult learning centers.

b. Management Issues

USAID will further develop its new workforce development result during the year. Labor market research with a special emphasis on employment equity is planned. We expect this to shape programming decisions.

The SO2 Team has taken a number of steps to better manage for results. The team revised its Results Framework to focus investments as close as possible to students and communities in keeping with the new Agency education goal. (These revisions are described in detail in Part III, Status of the Management Contract.) This revision provided the basis for engaging our partners in participatory program designs for adult, further, and basic education activities that, for the first time, produced agreement on clear, tightly defined objectives and program activities. This has improved our collaboration with the DOE and other donors, allowing us to respond to felt needs and to leverage South African and other donor resources. Taken together, we now have a better operating environment, a stronger partnership with government, broad agreement on clear, specific program strategies and activities, and implementation contracts to carry out our plans.

c. Pipeline

Our pipeline will draw down more rapidly in the coming year for the following reasons:

1. New management contracts and agreements will start to rapidly draw-down funds;
2. We will award a new contract for TELP that will spend over \$5 million per year;

3. Training funds will continue to be expended at a steady rate; and
4. We continue to close-out and deobligate old grants.

3. Performance Data Tables

Figure 2: SO2 Results Framework

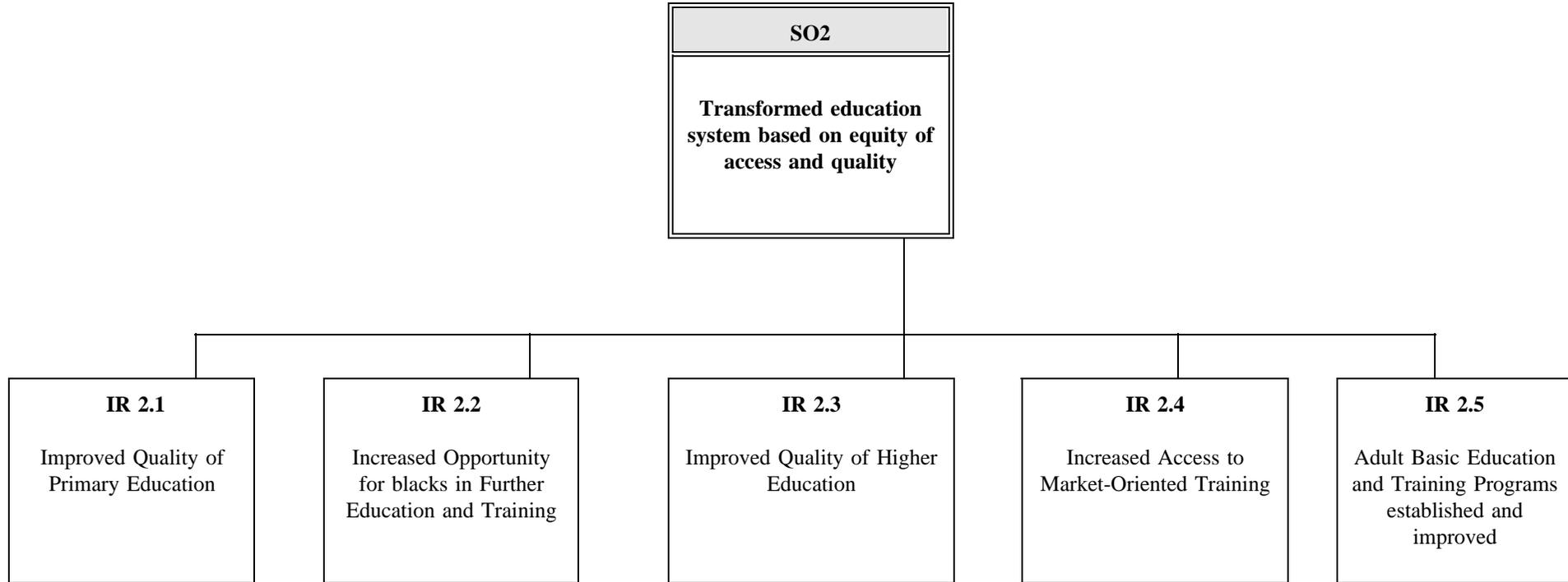
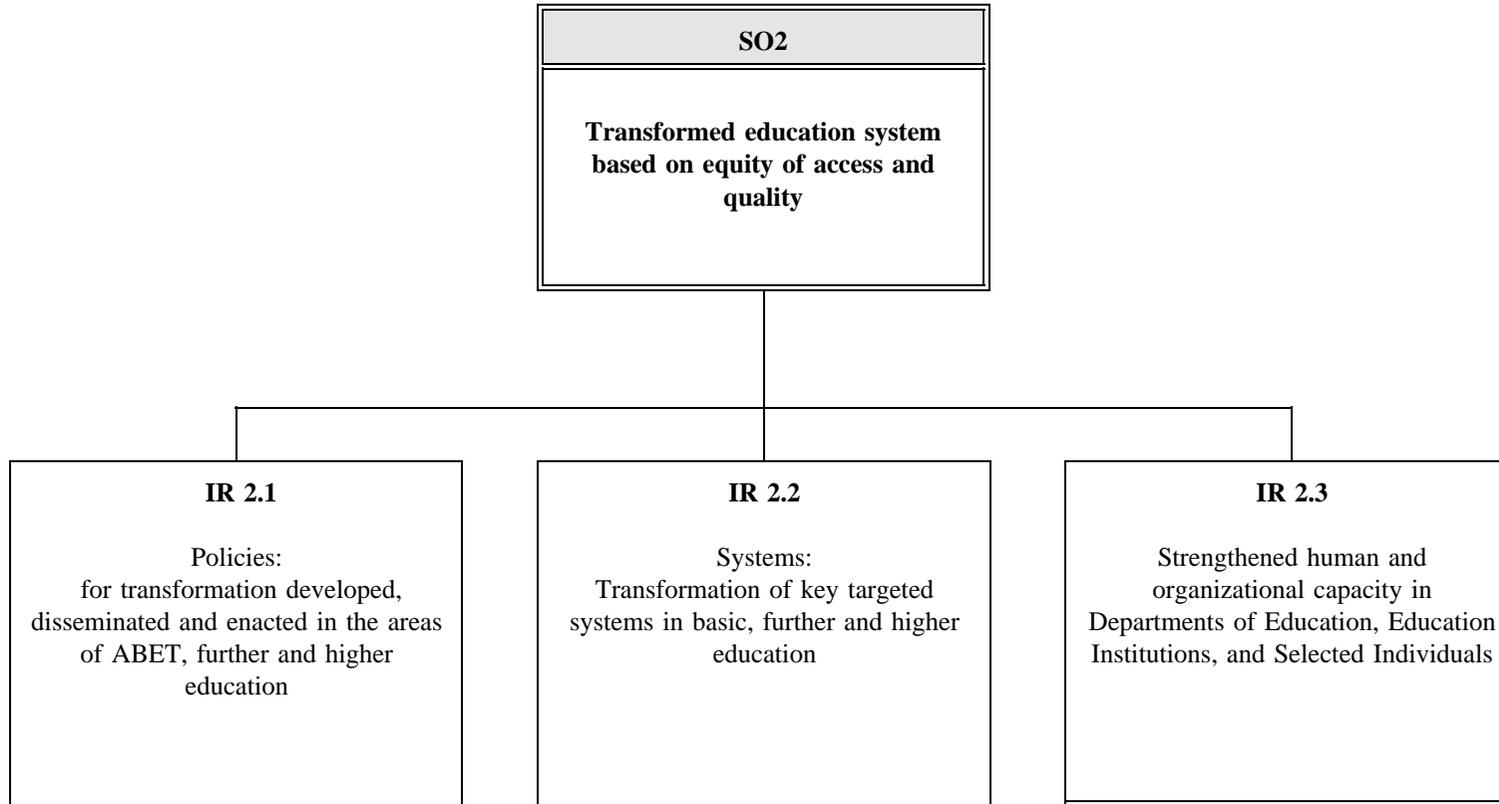


Figure 2a: Old SO2 Results Framework



Strategic Objective 2: Transformed Education System Based on Equity of Access and Quality APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 2 : Transformed education system based on equity of access and quality			
INDICATOR: Percentage of educational institutions transformed	YEAR	PLANNED	ACTUAL
DATA SOURCE: Data for the different sub-sectors of education will be accessed from a variety of sources. These include the National Department of Education's EMIS (Primary, Secondary, Higher Education), USAID grantees, e.g., EduSource, (Primary, Secondary and Higher Education) the National Institute for Community Education Trust (Further Education and Training) and research organizations that collect and analyze educational statistics, e.g., Center for Education Policy Development.	1996 (B)		
	Primary		3%
	Further		0
	Higher		10%
	ABET		0

<p>INDICATOR DESCRIPTION: The percentage of transformed educational institutions.</p> <p>Educational institutions include, primary schools in four of the nine provinces; Further Education and Training Institutions (Technical Colleges, Community Colleges, Youth Colleges); Universities and Technikons; and Adult Basic Education and Training Learning Centers.</p> <p>Number of institutions:</p> <ul style="list-style-type: none"> * Higher Education: 36 * Primary schools in USAID's 4 focus provinces: 10916 * Further Education institutions: approximately 350 * ABET Learning Centers in the two focus provinces: 800 <p>In this context transformation means schools, colleges, universities and other learning centers that:</p> <ul style="list-style-type: none"> • promote new values, especially multi-racial collaboration and a concern to redress past inequities; • are effectively implementing the new curriculum emphasizing higher level thinking and problem solving skills, the use of interactive teaching methodologies and mastery learning so that education prepares students to succeed in a new South Africa; and • actively support a culture of teaching and learning, and accountability. • produce learners with the knowledge skills and attitudes needed by the labor market 	<p>1997 (B)</p> <p>Primary 5%</p> <p>Further 0</p> <p>Higher 15%</p> <p>ABET 0</p>	<p>5%</p> <p>0</p> <p>15%</p> <p>0</p>	<p>5%</p> <p>0</p> <p>15%</p> <p>0</p>
<p>COMMENTS:</p> <p>The White Paper of Education (1995) called for the transformation of educational institutions. The new system is characterized by the following core values:</p> <ul style="list-style-type: none"> • Equality - incorporates concepts such as equitable access, non-discriminatory admission and progression policies, the removal of racial, gender and geographic biases and the active redress of inequalities. 	<p>1998 (B)</p> <p>Primary 6%</p> <p>Further 0</p> <p>Higher 18%</p> <p>ABET 0</p>	<p>6%</p> <p>0</p> <p>18%</p> <p>0</p>	

<ul style="list-style-type: none"> • Quality - relates to the objectives of the different sub-sectors in education (Higher Ed, Further Ed, Primary Ed. and ABET). There is a need not only to raise standards, but to infuse the system with the commitment and capacity to make continuous improvements to programs at all levels. Quality promotion and assurance are critical development aspects of a restructured and revitalized education system. An integrated approach to education and training - learning throughout the education system should be articulated in a continuum of opportunities, and the equivalence and portability of qualifications should be assured within the National Qualifications Framework. <p>Transformation can be viewed as a broad-based restructuring of the system to redress the past inequities. Transformation has specific connotations for the different sub-sectors of education.</p> <ul style="list-style-type: none"> • Primary Education - improving quality, i.e., providing all South Africans with an opportunity to access a type of education that develops the individual's potential and thus affording them an opportunity to successfully complete primary education. • Further Education and Youth - the most profound restructuring is taking place at this level, as the least development happened in this sector under the apartheid education system. The focus of transformation in this sub-sector is restructuring the current fragmented arrangements into a single coordinated system, with a common purpose and coherent planning. • Higher Education - the present system perpetuates an inequitable distribution of access and opportunity for students and staff along axes of gender, race, class and geographic discrimination. There are gross disparities between historically black and white institutions in terms of facilities and capacities for teaching and research. There is an inescapable need to transform disadvantaged institutions. • ABET - the focus of transformation within this sub-sector is to increase the quality and quantity of relevant and appropriate learning services to adults and out-of-school youth who have been unable to access adequate education and training in the past. • Workforce Development - employment equity and increased employment of Blacks in leadership and management positions. Workforce development programs are offered by colleges, universities and non-formal further education institutions. 	1999 (B) Primary Further Higher ABET	9% 1% 21% 6%	
	2000 (B) Primary Further Higher ABET	9% 1% 24% 12%	

Strategic Objective 2: Transformed Education System Based on Equity of Access and Quality APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa				
RESULT NAME 2.1: Improved quality of primary education				
INDICATOR: Percentage of Blacks successfully completing Primary Education (Grade 9)				
UNIT OF MEASURE: Expressed as a percentage of Primary Education (Grade 9) Graduates	YEAR	PLANNED	ACTUAL	
	1996 (B)		40%	
DATA SOURCE: National and Provincial Departments of Education's EMIS (Education Management Information System). This data is collected annually from schools within the provinces and the information is fed into the National Departments of Education's EMIS. EduSource, a USAID grantee analyses and interprets this data.	1997	40%	20%M	23%F
	1998	45%		
	1999	48%		
INDICATOR DESCRIPTION: The percentage of Black Primary Education graduates. Grade 9 marks the end of compulsory schooling.	2000	50%		
	2001	55%		
COMMENTS:				
<p>The report in the FY 1996 R4 on this indicator targeted Grade 7. In terms of the National Qualifications Framework's level of qualification, the first exit point for learners is Grade 9. Grade 9 is also the end of compulsory schooling. Grade 9 graduates can choose to leave the system, access programs through non-formal Further Education and Training institutions, remain in the system and exit at a later point (Grade 12) or become job-seekers on the open labor market. Though more males than females enroll in Grade 1, a greater percent of females successfully complete Grade 9. The total Grade 9 population for 1996 was 952, 988; approximately 60% of the Grade 9 population was Black. Juxtaposed with the national Black population which is 87% of the total, this indicator demonstrates the equity gap. Quality education is required to ensure that the number of Black graduates in Primary Education mirrors the national population distribution.</p> <p>The 1996 baseline is based on 1995 data, and the data reported for 1997 is based on the information collected in 1996. We expect this practice to continue throughout the reporting period or until a unified EMIS is fully operational at both provincial and national levels.</p> <p>Obtaining reliable data based on ethnic groups will become increasingly difficult during the next year or two. This is a result of the decision taken by the National Department of Education not to disaggregate data by race or ethnic group and to work to redress educational inequities by focusing on issues of access, equity and quality not race. To address the situation, the SO team would make the calculations using national, provincial and NGO/research information.</p>				

Strategic Objective 2: Transformed Education System Based on Equity of Access and Quality APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 2.1: Improved quality of primary education (Grade 9)			
INDICATOR: % of 3 to 6 year-olds who will watch/listen to pre-primary educational programs within the four focus provinces			
UNIT OF MEASURE: Expressed as a percentage of 3 to 6 year olds	YEAR	PLANNED	ACTUAL
	1996 (B)		0%
DATA SOURCE: The media listenership program - AMPS (equivalent of the Nielsen) and Grantees. The media listenership survey occurs annually.			
	2000	25%	
	2001	30%	
INDICATOR DESCRIPTION: The pre-primary educational program uses television, radio and outreach as a delivery medium. Focus provinces are those provinces that have been targeted by USAID because of their demographic profile, socio-political and socio-economic problems and to ensure donor co-ordination. The teacher outreach program will focus on children ages five to six referred to as the reception years.	2002	35%	
	2003	40%	
COMMENTS: Achievement of this indicator is based on the following assumptions: <ul style="list-style-type: none"> • over 60% of children in this age group within the focus provinces will have access to television or radio. • the parents or care-givers will create opportunities for children to watch or listen to education programs. In addition, there will be community outreach through ECD training agencies • reception year teachers will provide access to these programs through school resources. 	2004	45%	

Strategic Objective 2: Transformed Education System Based on Equity of Access and Quality APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 2.1: Improved quality of Primary Education			
INDICATOR: Percentage of schools using Curriculum 2005			
UNIT OF MEASURE: Expressed as a percentage of schools	YEAR	PLANNED	ACTUAL
	1996 (B)		0%
DATA SOURCE: National and Provincial Departments of Education Management Information System	1997	1%	1%
	1998	10%	
	1999	20%	
INDICATOR DESCRIPTION: Curriculum 2005 is a mechanism to redress the educational inequities of the apartheid regime, and provide relevant education that is of good quality.	2000	30%	
	2001	40%	
COMMENTS:			
<p>The National Department of Education launched Curriculum 2005 in 1997. The new curriculum was piloted with approximately 40 schools within each province at Grade 1. Training was provided for approximately two teachers in each pilot school. The cascade model was used - these teachers will train the remaining teachers in Grade 1 within their respective schools. During the piloting phase, examples of learning programs were developed and implemented and, based on an evaluation, will be revised continually.</p> <p>Through USAID support, 350 000 (99%) teacher participate in the Curriculum 2005 orientation training. USAID funded an NGO to conduct orientation training on Curriculum 2005. Printed materials and workbooks were made available to the public.</p> <p>The National and Provincial Departments have begun the process of training Grade 1 teachers in the remaining schools. During 1998 the plan is to pilot Curriculum 2005 at Grades 1 in all schools throughout the country.</p> <p>Total number of primary schools in the focus provinces is 10,916.</p>			

Strategic Objective 2: Transformed Education System Based on Equity of Access and Quality APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 2.2: Increased opportunity for Blacks in Further Education			
INDICATOR: Further Education and Training Policy enacted			
UNIT OF MEASURE: Not applicable	YEAR	PLANNED	ACTUAL
	1996 (B)		0
DATA SOURCE: National Department of Education, National Institute for Community Education Trust (a USAID grantee responsible for working with non-formal Further Education institutions), and the Policy Task Team.	1999	Pol. enacted	
	2001	n/a	
INDICATOR DESCRIPTION: The development of a National Policy that will guide the development of Further Education and Training (FET) Programs and the transformation and/or establishment of FET institutions. Further Education and Training is defined as Grades 10 to 12 in formal schooling, i.e., education beyond the compulsory stage, as well as education and training that occurs in institutions such as Community Colleges, Adult Basic Education and Training (ABET) Learning Centers, Youth Colleges and technical colleges that offer programs for Grades 10, 11 and 12.			
COMMENTS: The general societal inequalities in education and the labor systems are a direct result of the discriminatory apartheid policies which restricted participation of Blacks in the education and training systems. The performance of the South African economy in recent decades has been poor. This, coupled with poor general education and a low skills base inhibit growth in the secondary and tertiary sectors of the economy which are vital to South Africa's success within the world economy. Further Education and Training is critical to transforming education. The mission of FET is to foster mid-level skills, lay the foundation for higher education, facilitate the transition from school to the world of work and provide opportunities for continuous learning. During FY 1996, the National Task Team on Further Education was set up to identify critical elements of a policy framework for the FET sector. This process was completed in August 1997. We anticipate that the final legislation will be enacted by early 1999.			

Strategic Objective 2: Transformed Education System Based on Equity of Access and Quality APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 2.2: Increased opportunities of blacks in Further Education and Training			
INDICATOR: Number of institutions offering programs within the FET curriculum framework			
UNIT OF MEASURE: Expressed as a number of institutions	YEAR	PLANNED	ACTUAL
	1996 (B)		0
DATA SOURCE:	1997	9	9
	1998	25	
INDICATOR DESCRIPTION: Development of and FET curricular framework that would guide FET institutions in the design, development and implementation of FET learning programs.	1999	50	
	2000	100	
COMMENTS: During 1997 a USAID grantee - NICET (National Institute for Community Education) with the Provincial Departments of Education piloted FET programs in nine community colleges, one per province. There are no readily available figures to show the precise number of FET institutions. The Committee for Further Education and Training estimates that there are approximately 350 non-formal institutions offering FET programs. These include ABET learning centers, industrial boards, regional training centers, youth, technical, nursing, teaching, agricultural, and community colleges. Each FET institution is expected to implement accredited programs that meet the NQF requirements. To ensure that the latter takes place, the National Department of Education is developing an FET curriculum framework. The completion of the framework is dependent on the South African Quality Assurance system, i.e. the extent of completion of the level descriptors for each level on the NQF, and the completion of the tasks undertaken by the National Standard Bodies (NSBs) and Standard Generating Bodies (SGBs). The NSBs and SGBs will be responsible for setting the standards for qualification and for accreditation. The estimates regarding the number of institutions are not precise, however in future years when the FET legislation is in place, the registration of FET institutions and registration of FET programs with the South African Quality Assurance system, a more accurate number would be reported on. Thus in future years there will be an adjustment in the targets based on the above and the response that the NQF receives from the private sector. There are approximately 350 known FET institutions.	2001	150	
	Strategic Objective 2: Transformed Education System Based on Equity of Access and Quality APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa		

RESULT NAME 2.3: Improved quality of Higher Education			
INDICATOR: Percentage of higher education graduates that are black.			
UNIT OF MEASURE: Expressed as a percent of graduates that are black.	YEAR	PLANNED	ACTUAL
	1996 (B)		11%
DATA SOURCE: National Department of Education (Education Management Information System). This data is collected annually and analyzed by EduSource (a USAID grantee that assists the National and Provincial Departments of Education to design and implement the EMIS). The projections are based on EduSource's analysis of the current situation facing Higher Education within South Africa.	1997	15%	17%
	1998	17%	
INDICATOR DESCRIPTION: The percentage of black graduates from universities and technikons. South Africa has classified its population into African, Indian, Colored and White. The term Black graduates refers to the previously disadvantaged African, Colored and Indian population groups. Institutions of higher education refer to universities and technikons. (degree-granting institutions)	1999	20%	
	2000	22%	
COMMENTS: In FY 1997, of the total number of graduates, 83% were white and 17% were black. (7.5% were African and the remaining 9.5% were distributed among Indians and Colored). The baseline for this indicator is set for the year 1996, as this was the first year that the National Department of Education's EMIS systematically collected data from institutions of Higher Education. The targets are based on the following assumptions - an increase in student support and bridging programs will contribute to an increase in the graduation rate and an improvement in internal efficiency. Number of black students enrolled in institutions of higher education 195,667 inclusive of 1996. The gender distribution 54% were females and 46% males.	2001	24%	

Strategic Objective 2: Transformed Education System Based on Equity of Access and Quality APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 2.4.: Increased access to market oriented training for employment equity			
INDICATOR: Number of USAID-supported participants in workforce development programs			
UNIT OF MEASURE: USAID supported black students in internships, short-term training or enrolled in Higher Education programs	YEAR	PLANNED	ACTUAL
	1996 (B)		1181
DATA SOURCE: USAID and Grantees that provide bursaries in short-term training opportunities.	1997	1126	1126
INDICATOR DESCRIPTION: This indicator is expressed as the number of blacks that are enrolled in institutions of Higher Education with bursaries provided by USAID receiving short-term training.	1998	779	
	1999	449	
COMMENTS: Although there is an increase in black enrollments, proportionally there continues to be fewer black students enrolling than their white counter-parts. Apart from not meeting the entrance requirements of the Higher Education institutions, a major reason for low enrollments can be attributed to the lack of funding support, many of these students would continue to be excluded from the system. Although USAID's bursary program dates back more than 12 years, workforce development is a relatively new endeavor for the Mission. The SO has not yet had time to engage its partners in discussions about this program. The Mission will be undertaking research and analysis over the next year to refine the program and better determine where training can have the greatest impact. USAID will be seeking assistance from AID/W with this effort.	2000	358	
	2001	200	

Strategic Objective 2: Transformed Education System Based on Equity of Access and Quality APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 2.5: Adult Basic Education Training established and improved			
INDICATOR: Number of provinces implementing the ABET Multi-year Plan			
UNIT OF MEASURE: Expressed as the number of provinces implementing the ABET Multi-Year Plan	YEAR	PLANNED	ACTUAL
	1996 (B)		0
DATA SOURCE: AED (ABEL field offices), National Department of Education and Macro International.			
INDICATOR DESCRIPTION: The Multi-Year Plan is comprised of ten major elements. These include: learner enrollments, curriculum framework, unit standards and learning materials, an assessment system, effective learning institutions, practitioner development, the quality assurance system, mobilization and advocacy, research and development, monitoring and evaluation and financing and resourcing. The Multi-Year Plan commences in 1998 and will go through the year 2001. The total number of provinces is 9. The term implementation is defined as the development of structures, systems and capacity within the ABET sector to address mass scale provisioning of programs and services to learners.	1999	2	
	2000	3	
COMMENTS: The ABET Directorate of the National Department of Education, supported by USAID, developed a Multi-Year Plan for a national system for the provision and accreditation of adult basic education and training. The purpose of the plan is to bring about quality and quantity improvements in the delivery of adult learning. The National Department of Education with continued support from USAID, will design and pilot elements of the Multi-Year Plan in two targeted provinces. Based on the lessons learned from the USAID-supported pilot, the DOE will provide resources for the implementation of the Multi-Year Plan in other provinces accounting for the higher number of "planned" provinces implementing the plan. The pilot will commence in 1999 and be completed by the end of 2000.	2001	5	

Strategic Objective 2: Transformed Education System Based on Equity of Access and Quality APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 2.5: Adult Basic Education Training established and improved			
INDICATOR: Percentage of ABET learners enrolled in improved programs			
UNIT OF MEASURE: Expressed as the percent of ABET Learners in the two pilot provinces	YEAR	PLANNED	ACTUAL
	1996 (B)		0
DATA SOURCE: National Department of Education, the Grantees/Contractors			
INDICATOR DESCRIPTION: Percent of ABET learners at levels 1, 2, 3 and the GETC. GETC refers to the General Education and Training certificate obtained after successfully completing Grade 9 or Level 4 programs in Adult Basic Education and Training. The Eastern Cape and the Northern Province are targeted by the National Department of Education to pilot test in the sub-fields of agricultural technology, agriculture and small, micro, medium enterprise.	1999	5%	
	2000	8%	
COMMENTS: The target estimated for enrollments of ABET learners as cited in the Multi-year plan is 40 000 learners per province per year. All these learners should be enrolled in improved programs. The targets presented are based on the number of centers and regions that will implement the USAID supported Pilot program. The start up time for the program is 1999 and the completion is at the end of 2000.	2001	10%	

Strategic Objective 2: Transformed Education System Based on Equity of Access and Quality APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 2.5: Adult Basic Education Training established and improved			
INDICATOR: Percentage of centers utilizing the sub-fields of learning within the targeted provinces			
UNIT OF MEASURE: Expressed as the percentage of centers within the targeted provinces, piloting the sub-fields of learning	YEAR	PLANNED	ACTUAL
	1996 (B)		0
DATA SOURCE: National Department of Education, Contractors/Grantees			
INDICATOR DESCRIPTION: The percentage of provinces implementing the sub-fields of learning developed in accordance with the requirements of the National Qualifications Framework.	1999	5%	
	2000	8%	
COMMENTS: The target estimated for enrollments of ABET learners as cited in the Multi-year plan is 40 000 learners per province, per year. All these learners should be enrolled in improved programs. This target is based on estimates documented in two major research reports. The targets present is based on the number of centers and regions that will implement the USAID supported Pilot programs. The start up time for the program is 1999 and the completion is at the end of 2000.			

4. Environmental Compliance

For SO₂, Transformed Education System based on Equity of Access and Quality, and SO₄, Improved Capacity of Key Government and Non-Government Entities to Formulate, Evaluate and Implement Economic Policy, activities are expected to remain as planned with Categorical Exclusions applicable to all.

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

USAID/SA believes this SO is on target in meeting its objectives. SO3 continued to solidify the fully participatory partnership with the Government of South Africa at both the national and provincial levels during this reporting period. Strengthening South Africa's health systems convert to serving the entire population is fully consistent with the key national interest goal of the U.S. Mission to support the South African Transition. The official launch of the EQUITY activity in the Eastern Cape reflected this emerging partnership. Presentations by Eastern Cape Department of Health officials, with collaboration by the USAID technical assistance team, resulted in a seamless team effort that was applauded by national officials attending the launch, including Minister of Health. Despite the fact that total USAID support to the Eastern Cape Department of Health (ECDOH) amounts to less than 3 percent of the ECDOH budget, national and provincial level officials have publicly acknowledged the importance of USAID support in achieving national health objectives. This is a significant accomplishment in light of government officials' initially strong skepticism of the activity. Other significant achievements during this period include the strengthening of public/private partnerships in a provincial hospital, a cabinet-level acceptance of a national HIV/AIDS plan that paves the way for the establishment of a Directly Observed Treatment Short course (DOTS) for tuberculosis in a demonstration district, and the launching of the "Condom Can" to make free condoms more accessible in health clinics.

A major achievement during this reporting period was to collect the first ever set of service and coverage statistics, and to introduce a simple, unified health information system for all regions of the Eastern Cape Province. The data collected has enabled the setting of realistic targets for the EQUITY project and confirmed the seriousness of the inequities, which are clearly demarcated along racial lines. For example, across regions of the Eastern Cape Province, proper treatment of diarrheal disease ranges from 29 to 61 percent; continuity of antenatal care from 59 to 70 percent; and availability of essential drugs from 6 to 35 percent (see indicator tables for details). The challenges ahead are not only to close the gap between the regions, but also to continue overall improvements in service coverage. These data are of major significance to the province as it provides the baselines from which the ECDOH can measure its performance.

There are two issues identified during this period that may affect future performance. First, the US-SA Binational Commission (BNC) continues to play a major role in the broad health development sector, and, vis-a-vis SO3, its activities have become an additional variable in the equation of program design, funding and the role of USAID in the BNC Health Working Group, that requires clarification. Second, the Ministry of Health and USAID need to finalize the design of the proposed new HIV/AIDS CAPACITY Project. In order to seriously address and manage these issues, the SO3 team intends to: a) Designate an SO3 team member to directly work with the DOH Director General to finalize the HIV/AIDS

activity design; b) review the overall SO, incorporating elements of the BNC as appropriate; and c) review the indicators based on new data, including the 1998 Demographic and Health Survey (DHS). The SO3 review will be carried out in the context of the Mission assessment of the Country Strategic Plan, keeping in mind the priorities of the DOH and the BNC, and taking advantage of the process towards finalizing the HIV/AIDS activity and the mid-term assessment of the EQUITY Project. Gender considerations will form a core part of the SO review.

1. Performance Analysis

In order to extend services to the population in the shortest possible time, the Government of South Africa has launched a program of free primary health care services to pregnant mothers and children under 6. While the immediate result has brought dramatically significant increased access to health care for the disadvantaged population, the attendant costs are rapidly escalating, highlighting the continuing need to rationalize health care budgets. To improve financial sustainability, USAID has supported extensive policy dialogue and an exploration of improved cost-recovery methods in the Eastern Cape. The demonstration activities thus far will be expanded in the Eastern Cape and other provinces, along with expected changes in current laws to allow health facilities to retain and use these revenues.

A second strategy to reduce the burden on hospitals has been to improve the referral system. With USAID technical assistance, the Eastern Cape has developed and established clear guidelines for referrals. As a result, hospital based out-patient load has diminished significantly (IR3.2). For example, the Umtata General Hospital, the largest hospital in the poorest region of the Eastern Cape, has closed its outpatient department for general walk-in services, reducing the patient load in the hospital by nearly 40,000 patients per month. At the same time, the ECDOH has created (with Kellogg Foundation assistance) four community-based rural health centers serving the catchment area around the town of Umtata, resulting in significant financial savings and reducing the burden in the hospital. Results achieved within SO3s' HIV/AIDS grantee programs complement the EQUITY Project's improvement in the referral system. For example home-based care-givers and traditional healers actively refer HIV-positive individuals to clinics. The combination of these activities exemplifies an important synergy within SO3's IRs - both improved referrals and improved access within the PHC system.

The complementarity between the USAID program and those of other organizations, such as the Kellogg Foundation, has resulted in important economies of scale. Additional complementarities are found between the EQUITY activity and activities supported by the

PUBLIC/PRIVATE PARTNERSHIPS

The USAID-funded study of the Uitenhage Hospital contract with a private provider group has shown that public/private partnership can result in a net benefit to public services both by improving quality for all patients using the facility as well as in generating resources for use in under-funded facilities (IR3.3). USAID plans to provide technical assistance to replicate such partnerships (which have received widespread newspaper coverage).

BHR/PVO Child Survival Grants. Two on-going grants, one with the Medical Care Development International (MCDI), and another with World Vision, focus on improving community involvement in child survival strategies. For example, the MCDI activities include training birth attendants to develop a home birth attendant record keeping system to track the services delivered to their clients, as well as community awareness-raising. The program focuses on the Kwa-Zulu Natal Province, a priority province for HIV/AIDS activities, and which will serve as one of the first replication provinces after Eastern Cape.

The current ECDOH inherited a fragmented system of health care delivery which, has resulted in an excess of conflicting and duplicative norms and procedural regulations, among the former authorities that have become the ECDOH. During this period, the ECDOH, with USAID support, published its own adaptation of the national primary health care package, indicating which services are expected to be provided on a regular basis in every clinic. This package is currently being introduced in all of the Eastern Cape Province's 640 clinics. For the first time, anyone living in the Eastern Cape will be able to go to any clinic of their choice and be confident of getting the same high quality package of primary care services. To date, this is the only province where this policy has been interpreted and realized (IR3.1).

Rationalizing the "PHC package" will allow the expansion of USAID-assisted work in strengthening the PHC training curricula to insure that both pre-service and in-service training programs incorporate the integrated PHC package approach (IR 3.4). The lessons learned from the earlier bridging training activities have been integrated into continuing training program development in the Eastern Cape (women made up 84 percent of trainees in clinical skills and 94 percent in management skills).

Fragmentation has also had a major negative impact on health information systems. As recently as November 1997, eight different reporting systems were still operating, rendering data incompatible. Moreover, at any given service delivery site, health workers were required to fill in numerous forms, one for each one of the eight systems. The combined efforts of the ECDOH and USAID have reversed this situation. With USAID support and financing, a unified information and management system capable of processing data, generating indicators, and producing a simplified and unified monthly report, has been designed and approved (IR3.3). This system is being introduced into all clinics in the Eastern Cape, and will make monthly PHC service data available, from which the ECDOH can make decisions about resource allocation. For example, service utilization of PHC per capita will be monitored using this new system which contains "head count" data and which will allow calculation of an index of the number of PHC visits per capita per year per region.

THE AMY BIEHL FOUNDATION TRUST (ABFT)

A cooperative agreement was signed with ABFT on September 19, 1997. Secretary of State Madeleine Albright dedicated this violence prevention project on December 13, 1997. Positive results from certain initiatives are already being realized. A recent donation by ABFT of two way radios to the Gugulethu Community Policing Forum will significantly reduce response time to crime scenes in the Gugulethu Community.

A recent Government HIV survey (1996) showed differences in HIV prevalence within each of the nine provinces and a dramatic, three-fold increase in the North West Province. The 1996 estimate of 14.17 percent national HIV positivity rate in pregnant women attending publicly-funded ante-natal clinics has increased sharply from 10.44 percent in 1995, evidence of a fast-growing epidemic. Presenting the results of the 1996 HIV survey, the Minister of Health stated that about 2.4 million South Africans were HIV positive at the end of 1996 compared to 1.8 million in 1995 - a one-third increase. "This pattern, where HIV infection is highest among young, economically skilled South Africans, is a finding of grave social and humanitarian concern, and has long-term implications for the South African economy," said the Minister. In order to improve the monitoring of serological HIV prevalence, ten HIV/STD sentinel surveillance sites were established in the Eastern Cape Province (IR3.5). Annual sentinel surveillance was carried out in late 1997 using blood collected at these sites. Preliminary results show an increase in HIV prevalence in the Eastern Cape from 8.1 percent to 12.6 percent in one year.

In response to this rapidly evolving and grave situation, USAID's support has focused on capacity building and other key interventions, including increasing the availability of condoms. During this past year, the DOH distributed 140 million condoms, an increase from 90 million in 1996, and has procured 150 million condoms for distribution in 1998. A recent study showed that, although condoms were available in almost all facilities, they were only available without consultation in 27 percent of the clinics in the Eastern Cape. To resolve this, the ECDOH, in collaboration with USAID, launched "Condom Cans", an initiative that makes condoms accessible to patients without consultation (IR3.5). In order to complement USAID's strategy, an estimated 2.5 million "Lovers Plus" (social marketing) condoms were sold in South Africa in 1997 by the Society for Family Health (the local Population Services International affiliate), with British funding. In addition, condom outlets in the Eastern Cape for "Lovers Plus" (social marketing) condoms increased from one to 18 in 1997.

The critical nature of the HIV/AIDS epidemic in South Africa was highlighted by the recent approval by Parliament of a government plan to prevent HIV/AIDS in South Africa. Taken together with the recent national DOH initiatives to develop both intergovernmental and intersectoral structures to promote collaborative approaches to deal with HIV/AIDS, the new plan signals a new level of political commitment in addressing the epidemic.

Data for South Africa show that 27 percent of tuberculosis (TB) patients were infected with HIV in 1996, resulting in 42,000 more TB cases than would have occurred in the absence of the HIV infection. Previous treatment programs did not ensure that infectious (sputum smear positive) patients were cured. In 1996, the Government adopted a new treatment strategy, known as DOTS (Directly Observed Treatment Short-course). A recent survey showed that only 49 percent of TB cases completed the six-month treatment. In 1997, with USAID support, a Demonstration and Training District was set up to serve as a model for effective

DOTS implementation (IR3.5). Recently WHO gave its approval that the findings and experiences from the DOTS Demonstration District be shared with other provinces.

South African non-governmental organizations (NGOs) will be key players in the national response to the HIV/AIDS epidemic. Yet many of the NGOs lack the capacity to implement planned interventions (e.g., condom promotion, behavior change communication, data collection, and focus group methodology). During 1997, the USAID-funded AIDSCAP Project focused on building technical and program development capacity of 12 South African NGOs. AIDSCAP played a pivotal role in exposing these NGOs to a variety of information, technology and resources which not only facilitated their understanding of HIV/AIDS issues, but also helped them in implementing projects. By the end of the activity, 10 of the 12 NGOs had improved markedly in their ability to conduct workshops and awareness campaigns, counseling, and data collection and analysis. Service delivery has also been the approach adopted by USAID-funded NGO'S (e.g. The Valley Trust) in an effort to meet the needs of communities, families and people living with AIDS.

CHANGING PEOPLE'S LIVES - Thulani's story

In the frenzied process of looking for a job, I read an article entitled "Let's unite against AIDS". Having discovered that I was HIV positive, I made contact and was welcomed into a world of care at The Valley Trust, where I received counselling. With their support and love, my outlook on life improved and I gained the strength to look towards the future. I am now a volunteer in the AIDS program and it has been one of my greatest pleasures. I have gained a lot of experience and knowledge on how to handle people living with AIDS. I can now give what The Valley Trust gave me.

In collaboration with the DOH, USAID participated in a national STD/HIV/AIDS review in July 1997 which identified the need to mobilize inter-sectoral commitment, support and resources in response to the HIV/AIDS epidemic. Based on these findings, the DOH, in collaboration with the USAID-supported POLICY Project, conducted two workshops to enhance advocacy skills for mobilizing the required leadership support from a broad range of individuals, groups, and organizations for strong multi-sectoral HIV/AIDS programs at both national and provincial levels. Over a two-month period, seven provinces designed and executed advocacy training workshops, attended by an average of 30 participants per province.

2. Prospects For Future Progress and Actions to Address Performance Issues

A. Expected Progress Through FY 2000

Though there will be a review of SO3 during FY 1998/99, it is expected that the broad priorities, as enunciated by the Government of South Africa, will remain intact. As such, USAID/South Africa expects to meet or exceed FY 2000 targets in establishing equitable health systems and improving health outcomes. In the Eastern Cape Province, the PHC system should be functioning efficiently with integrated primary health care services delivered

by all clinics reaching the vast majority of the population. This should result in an increase in real access to integrated PHC services for the majority of the population, 80 percent of which is black African. The development of strengthened community councils, community-based volunteer health workers, improved outreach from clinics and a strengthened referral system will assure not only the desired access to services, but should also result in a decline in mortality rates, fertility rates, malnutrition and immune-preventable diseases. With increased communication capacity, knowledge and practices related to both STD and HIV will have shifted substantially, resulting in a plateauing of HIV infections and a decline in the rate of STD transmission. Extension of the DOTS system for TB treatment should result in a decline of new cases of TB and a substantial increase in the proportion of patients successfully completing treatment. Activities related to life skills in schools and mobilizing youth groups providing particular emphasis on gender issues will reduce teenage pregnancies and STDs. As the vast majority of health workers are women, extensive training activities will result in measured improvement in their skills and their abilities to meet objective health needs, especially of women and children in the communities they serve. Similarly, community clinic committee members are predominantly women and will reflect gender concerns both at the community level and through health care provision.

B. Management Actions

Activities under SO3 are proceeding on schedule and within budget. It is anticipated that the planned objectives will be met by FY 2004. In order to maintain this progress it is critical that funding particularly for HIV/AIDS, continue at least at the current levels. With respect to human resources, additional staff planned for this year have been hired. The SO now has the full complement of staff required to implement this program.

The Mission believes that there is additional absorptive capacity for increased funding for this SO, without an increase in management units. Therefore, Mission requests that USAID/W remain open to the possibility of increased funding for SO3, if additive resources became available.

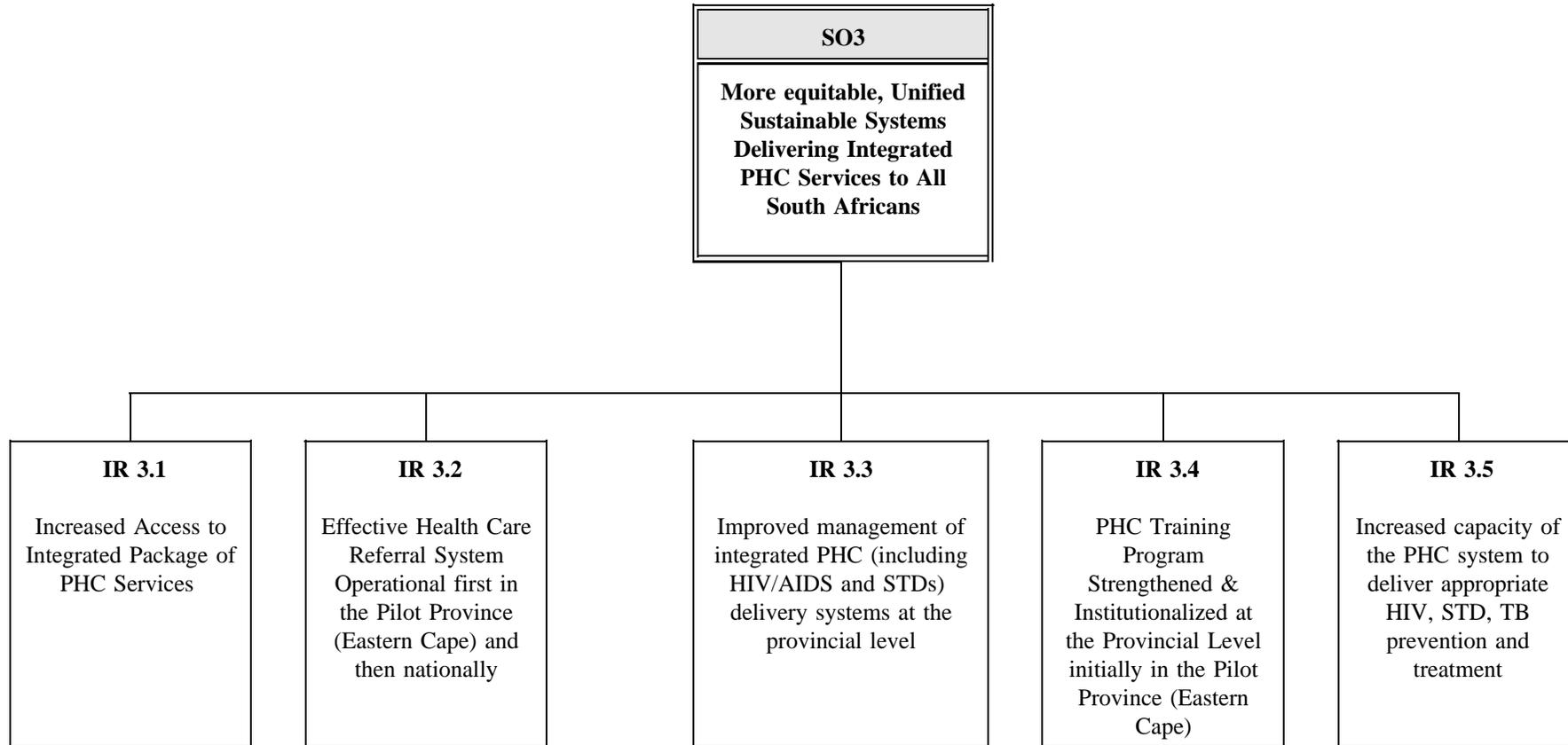
As all SO3 the activities enter full implementation this SO will be reviewed within the context of: 1) a Mission-wide review of the Country Strategic Plan; 2) a planned mid-term evaluation of the EQUITY project; 3) availability of final and detailed DHS data; 4) finalization of the HIV/AIDS activity design process; and 5) the possible incorporation of relevant aspects of the BNC. Indicators will also be reviewed, with the expectation that SO3-level indicators will reflect health outcome measures, such as mortality and fertility.

Although there is currently a significant pipeline, it is anticipated that expenditures will increase significantly, thereby rapidly depleting the pipeline. The SO3 pipeline is currently \$34,461,000. Of this amount, over half is less than 1 year. The EQUITY project implementation began in earnest in February 1997 with the arrival of the long-term institutional contractor team. Disbursements under the contract are increasing steadily as peak implementation is reached. Just over 10 percent of the contract was disbursed by the end of

1997. During 1998 we expect the disbursement rate for this project to more than double as full implementation speed is maintained. In 1998, we expect that with a new HIV/AIDS activity and with the start-up of the small-grants program under the EQUITY project, there will be a considerable reduction in the SO3 pipeline.

3. Performance Data Tables

Figure 3: SO3 Results Framework



Strategic Objective 3: More equitable, unified and sustainable system delivering integrated PHC services to all South Africans.

APPROVED: 5/22/1997 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 3: More equitable, unified and sustainable system delivering integrated PHC services to all South Africans.

INDICATOR: Percent of clinics which provide all 7 basic PHC services daily (in the pilot province).

UNIT OF MEASURE: Percent of clinics	YEAR	PLANNED	ACTUAL
SOURCE: Clinic Baseline Survey, Eastern Cape Province			
INDICATOR DESCRIPTION: To indicate the potential access of catchment population to comprehensive integrated PHC services.			
<p>COMMENTS:</p> <p>The seven basic PHC services are EPI, family planning, ANC, STD treatment, TB treatment, child curative services and nutrition.</p>	1997 (B)		44%
	1998	60%	
	1999	70%	
	2000	80%	
	2001	90%	
	2002	95%	
	2003	100%	

Strategic Objective 3: More equitable, unified and sustainable system delivering integrated PHC services to all South Africans.

APPROVED: 5/22/1997 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 3: More equitable, unified and sustainable system delivering integrated PHC services to all South Africans.

INDICATOR: Equity index for the 5 regions in the Eastern Cape (pilot province).

UNIT OF MEASURE: Percent of performance disparity

SOURCE: Clinic Baseline Survey, Eastern Cape Province

INDICATOR DESCRIPTION: This index monitors the disparity between the lowest performing region and the top performing region in the pilot province.

CDC - Communicable Diarrhoeal Diseases

Percent of childhood diarrhoeal cases treated only with ORS as indicated in standard treatment guidelines (STGs). To indicate the rational use of pharmaceutical according to STGs. Diarrhoea is used as an “indicator” condition.

ANC - Antenatal Care Continuity

Ratio of ANC third visits to first ANC visit. To indicate quality of PHC services using ANC as an indicator service for continuity of care.

DRUGS

Proportion of surveyed clinics with all 10 selected essential tracer items available. This indicates the effectiveness of the drug and medical supplies system in support of PHC. The 10 selected essential drugs are measles vaccine, Benathine Penicillin, Ciprofloxacin, Cotrimoxazole, ORS, Iron tablets, Injectable Contraceptives, Methyl Dopa, latex gloves and all 4 TB drugs.

	Best Region						Worst Region						Provincial					
	CDC		ANC		Drugs		CDC		ANC		Drugs		CDC		ANC		Drugs	
***	P	A	P	A	P	A	P	A	P	A	P	A	P	A	P	A	P	A
1997		61%		70%		35%		29%		9%		6%		43%		65%		21%
1998	71		75		45		39		69		25		53		70		40	
1999	80		80		55		49		79		35		63		75		51	
2000	80		80		65		59		80		45		73		80		61	
2001	80		80		75		69		80		55		80		80		71	
2002	80		80		80		80		80		65		80		80		80	

*** P = Planned

A = Actual

Strategic Objective 3: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans.

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 3: More equitable, unified and sustainable system delivering integrated PHC services to all South Africans.

INDICATOR: Health information systems developed and operational in the provinces.

UNIT OF MEASURE: Existence of Health Information Systems

SOURCE: Annual Assessment

INDICATOR DESCRIPTION:

COMMENTS:

YEAR	PLANNED	ACTUAL
1997	0	0
1998	1	
1999	2	
2000	3	
2001	4	
2002	5	
2003	6	

Strategic Objective 3: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans.

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 3: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans.

INDICATOR: Percentage of the provincial health budget allocated to primary health care initially in the pilot province and later in all provinces.

UNIT OF MEASURE: Provincial Health Budget

SOURCE: DOH

INDICATOR DESCRIPTION:

COMMENTS:

YEAR	PLANNED	ACTUAL
1997	0%	41%
1998	44%	
1999	47%	
2000	50%	
2001	53%	
2002	56%	
2003	59%	

Strategic Objective 3: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans..

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans.

INDICATOR: HIV Prevalence rate

UNIT OF MEASURE: Percentage of HIV Prevalence

YEAR

PLANNED

ACTUAL

SOURCE: DOH National HIV/AIDS Plan

INDICATOR DESCRIPTION: Proportion of the population that is HIV positive based on surveys of women attending antenatal clinics

COMMENTS:

Three of South Africa's nine provinces are still below 10 percent. In the rest of the provinces, rates were found to be above 15 percent, one province had an estimated prevalence rate of 25.13 percent which represents a threefold increase over the 1995 rate. The Pilot Province has a rate of 8.1 percent and a doubling time of 14 months. The DOH has not yet established targets for the reduction of HIV prevalence. The new HIV/AIDS CAPACITY Project contractor will develop targets in collaboration with representatives from the three selected provinces.

1994 (B)

7.57%

1995

10.44%

1996

2.4 million

14.17%

1997

1998

1999

2000

2.8 million

2001

2002

2003

3.0 million

Strategic Objective 3: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans.			
APPROVED: 05/22/1997		COUNTRY/ORGANIZATION: South Africa	
RESULT NAME 3.1: Increased access to integrated package of PHC services			
INDICATOR: Fully immunized children aged 12-23 months (in the pilot province)			
UNIT OF MEASURE: Percent of immunized children	YEAR	PLANNED	ACTUAL
SOURCE: Clinic Baseline Survey, Eastern Cape Province			
INDICATOR DESCRIPTION: Proportion of children aged 12-23 months who are fully immunized. This measures the effective coverage of primary immunization of children, as a measure of population PHC coverage.			
COMMENTS: Targets assume a 10% increase over the previous year, and a sustained level of 80% fully immunized children thereafter. Baseline used measles vaccinations as a proxy for other vaccinations. Primary immunizations in South Africa include three doses of HBV.	1997 (B)		57%
	1998	67%	
	1999	77%	
	2000	80%	
	2001	80%	
	2002	80%	
	2003	80%	

Strategic Objective 3: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans. APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 3.2: Effective health care referral system operational first in the pilot province (Eastern Cape) and then nationally.			
INDICATOR: In-patients referral rate (at first level hospitals in the pilot province).			
UNIT OF MEASURE: Percent of referrals	YEAR	PLANNED	ACTUAL
SOURCE: Clinic Baseline Survey, Eastern Cape Province			
INDICATOR DESCRIPTION: Proportion of in-patients at first level hospitals who have been referred from the PHC system. Measures the extent to which first level hospital resources are used in support of PHC services.			
COMMENTS: Targets assume a 4% point increase per year, with a maximum of 58% sustained.	1997 (B)	0%	34%
	1998	38%	
	1999	42%	
	2000	46%	
	2001	50%	
	2002	54%	
	2003	58%	

Strategic Objective 3: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans.			
APPROVED: 05/22/1997		COUNTRY/ORGANIZATION: South Africa	
RESULT NAME 3.2: Effective health care referral system operational first in the pilot province (Eastern Cape) and then nationally.			
INDICATOR: Percent of back Referrals Rate (at clinics in the pilot province)			
UNIT OF MEASURE: Percent of referrals	YEAR	PLANNED	ACTUAL
SOURCE: Clinic Baseline Survey, Eastern Cape Province			
INDICATOR DESCRIPTION: Proportion of cases referred from clinic to a hospital/health center for whom written return information is received by the clinic making the initial referral. Measures the appropriate completion of the referral process as indicated by written information returning to the facility from which the referral originated.			
COMMENTS: The target levels assume a 10 percent increase over the previous year.			
	1997 (B)	0%	14%
	1998	24%	
	1999	34%	
	2000	44%	
	2001	54%	
	2002	64%	
	2003	74%	

Strategic Objective 3: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans.

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 3.3.: Improved management of integrated PHC (including HIV/AIDS and STDs) delivery systems at the provincial level.

INDICATOR: Clinic supervision rate (in the pilot province)

UNIT OF MEASURE: Percent of supervision rate

SOURCE: Clinic Baseline Survey, Eastern Cape Province

INDICATOR DESCRIPTION: Proportion of clinics visited by a supervisor within the last 60 days with a written supervisory report. This indicates the effectiveness of clinic support through regular objective supervisory visits.

COMMENTS:

The baseline survey recorded 76 percent supervisory visits in the last 60 days at a sample of clinics but only 6 percent had written a report.

The target level assumes a 10 percent increase over the previous year.

YEAR	PLANNED	ACTUAL
1997 (B)	0%	6%
1998	15%	
1999	30%	
2000	45%	
2001	60%	
2002	75%	
2003	90%	

Strategic Objective 3: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans. APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 3.4: PHC training program strengthened and institutionalized at the Provincial level initially in the pilot province (Eastern Cape).			
INDICATOR: Percent of clinic professional nurses trained in PHC clinical skills in pilot province.			
UNIT OF MEASURE: Percent of clinic professional nurses	YEAR	PLANNED	ACTUAL
SOURCE: Clinical Baseline Survey, Eastern Cape Province			
INDICATOR DESCRIPTION: Proportion of clinic professional nurses who have received training in Primary Health Care clinical skills within the last twelve months in pilot province.			
COMMENTS: ** 21 Trainer of trainers trained in clinical skills in 1996 under the Bridging Activities using central funds. In 1997 eight clinical training events were held and 171 [M: 26 F: 145] participants trained in comprehensive PHC skills. During the next year, an indicator on institutionalization of training at the provincial level will be developed.	1996	0%	21** [M:2 F:19]
	1997 (B)		43%
	1998	50%	
	1999	57%	
	2000	64%	
	2001	71%	
	2002	75%	
	2003	80%	

Strategic Objective 3: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans. APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 3.4: PHC training program strengthened and institutionalized at the provincial level initially in the pilot province (Eastern Cape).			
INDICATOR: Management skills training. Percent of staff members trained in management skills in the pilot province			
UNIT OF MEASURE: Percent	YEAR	PLANNED	ACTUAL
SOURCE: Clinic Baseline Survey, Eastern Cape Province			
INDICATOR DESCRIPTION: Percent of clinics where at least one staff member has been trained in management skills during the last twelve months in the pilot province.			
COMMENTS: ** 7 [M:0 F:7] Trainer of trainers in management skills trained in 1996 under the Bridging Activities using central funds. These TOTs trained 18 [M:1 F:17] district and sub-district level managers in five training events during 1997. During the next year an indicator on institutionalizing management training at the provincial level will be developed.	1996		7** [M0 F:7]
	1997 (B)	0%	46%
	1998	60%	
	1999	64%	
	2000	68%	
	2001	72%	
	2002	76%	
	2003	80%	

Strategic Objective 3: More Equitable, Unified and Sustainable System Delivering Integrated PHC Services to all South Africans. APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa						
RESULT NAME 3.5: Increased capacity of the PHC system to deliver appropriate HIV/STD prevention and treatment.						
INDICATOR: Percent of STDs treated according to the syndromic therapy approach within a sample of clinics in the pilot province.						
UNIT OF MEASURE: Percent of STDs treatments	YEAR	PLANNED	ACTUAL			
SOURCE: Clinic Baseline Survey, Eastern Cape Province						
INDICATOR DESCRIPTION:						
COMMENTS: The targets for future years assumes a 5 percent point increase over the previous year until 85 percent is reached .				1997 (B)	0%	54%
				1998	60%	
				1999	65%	
				2000	70%	
	2001	75%				
	2002	80%				
	2003	85%				

KEY REFERENCES USED/CITED:

1. Department of Health. Sixth national HIV survey of women attending antenatal clinics of the public health services in the Republic of South Africa, October/November 1995. *Epidemiological Comments 1996; Vol 23.*
2. Clinic Baseline Survey, Eastern Cape Province, December 1997.
3. Training Needs Assessment, EQUITY Project, December 1997.

4. Environmental Compliance

With respect to SO3, More Equitable, Unified and Sustainable System Delivering Integrated Primary Health Care Services to all South Africans, a Categorical exclusion was approved in February 1998 for the new activity called CAPACITY. Activities of the EQUITY project are covered under a FY Categorical Exclusions for TA, training, health care and family planning services. A negative determination was approved for STD case management. No other activities requiring environmental determinations are expected in either FY 1998 or FY 1999.

D. SO4: IMPROVED CAPACITY OF KEY GOVERNMENT AND NON-GOVERNMENT ENTITIES TO FORMULATE, EVALUATE AND IMPLEMENT ECONOMIC POLICIES

1. Performance Analysis

WILLIAMS COLLEGE: WHERE HAVE ALL THE PEOPLE GONE?

Of the 13 USAID-sponsored graduates of the Masters Program in Development Economics at Williams College who are employed, one is working for the private sector (Economist for Old Mutual), one is head of a division and teaching economics in secondary school, three are working as economists and policy analysts with non-governmental organizations, three are working for the national government or national parastatals (Director of Bilateral Trade Relations, Department of Trade and Industry; Manager of Regulatory Affairs, Telkom; Economist, Department of Finance), and five are working as economists for provincial governments in the Eastern Cape, KwaZulu-Natal (2), Mpumalanga, Northern and Northwest Provinces.

Mr. Bahle Sibisi attended Williams College during the 1995/96 school year. One year after completing his studies, Mr. Sibisi is the Director of Bilateral Trade Relations in the South African Department of Trade and Industry. Among his many responsibilities, Mr. Sibisi is responsible for leading the negotiations with the European Union (EU) with respect to a possible free trade agreement between South Africa and the EU.

Strategic Objective Four (SO4), in its first full year of implementation, is a definite success. Out of nine indicators at the intermediate result level, performance over the past year exceeded the established targets for five of the indicators, met targets for three indicators, and fell short of the targeted level for one indicator. Through its capacity development efforts, SO4 is contributing to the content of South Africa's economic policies. This is fully consistent with U.S. national interest objectives, specifically, priority areas one and two which emphasize the importance of U.S. support for South Africa's transition to a pluralistic, market-oriented democracy. (See Table 2)

SO4 has made significant progress in initiating its program of assistance and following up on predecessor activities. The past year has been marked by (a) the SO's movement from a concept in the Mission's Country Strategic Plan to an active program delivering services and "results" to South Africa, and (b) the establishment of the implementation mechanisms to provide for an acceleration of such "delivery." This start-up process has not been without its problems. The award of cooperative agreements for support to non-governmental organizations (NGOs) under IR4.3 has taken far longer than expected and resulted in our

falling short of the target for support to such organizations.

a. Economic Policy

Despite the relative newness of this program, there is already a story to be told concerning the contributions of USAID-assisted organizations and individuals to the reformulation of the South African economic environment. Such contributions form the basis for the SO-level indicator. The remainder of this section examines some of these contributions through three examples which provide an indication of the types of results which are expected to continue to come from the SO4 assistance program.⁵

AIPA Research Program

In 1995, USAID/South Africa provided a grant to the African Institute for Policy Analysis and Regional Integration (AIPA) to undertake a program of research to examine what would be necessary for South Africa to generate high and sustained levels of economic growth and its attendant employment generation, with a special focus on improving the situation of the poorest forty percent of the population.⁶ AIPA targeted its work on "providing recommendations of practical application, and elaborating on those areas of the RSA's Growth, Employment and Redistribution Macro-Economic Strategy (GEAR) thought to be insufficiently detailed."⁷

This research focused on the following six subject themes: economic growth with equity, fiscal and monetary issues, savings and investment, industrial and trade policy, agriculture, and the labor market. In order to see what lessons could be learned from other countries, the research program looked at the experiences of various countries in sub-Saharan Africa, Chile, Australia, New Zealand, and members of the United Nations Economic Commission for Asia and the Pacific. Finally, the research looked at the probable impacts of the proposed actions on the rest of Southern Africa.

This work is complete and is being widely disseminated. AIPA's summary volume, "Growth with Equity", was launched in September 1997 through a series of activities to present findings to: the macroeconomic policy and research chamber of the National Economic Development and Labor Advisory Council (NEDLAC, composed of representatives from Government, Labor and Business, representatives from government (Trade & Industry, Labor, Finance, Public Enterprises, Provincial Governments, Reserve Bank), academia (representatives from all historically disadvantaged universities and technikons plus people from many of the historically

⁵Due to the close ties and linkages between the South African economy and economic policies and the other countries within southern Africa, it is quite likely that the impact of the SO4 program and activities in South Africa will have "spill over" effects in other countries within the region. We would like to thank the staff of the Regional Center for Southern Africa for raising this important point.

⁶The published summary volume is "Growth with Equity," Bax D. Nomvete, Gavin G. Maasdorp and David Thomas (editors), (Cape Town: Francolin Publishers, 1997).

⁷Nomvete, Maasdorp and Thomas, "Growth with Equity," p.3.

white universities), international organizations (e.g., the U.N. Economic Commission on Africa), and the business community.

AIPA continues to hold seminars with key policy makers and researchers in various sectors to further discuss its research and the implications thereof. Through USAID assistance, AIPA hosted an all-day seminar on agriculture and agricultural policy which included senior policy staff from the Department of Agriculture (Director General and below) and representatives from several universities. As a result of this session, the Director General of Agriculture has asked for follow-up sessions to pursue the policy options and implications of the research. Other indications of the quality, acceptance and usefulness of the research include:

- The Department of Labor has expressed interest in pursuing ideas identified in the research as part of its Employment Generation Strategy;
- Several universities have adopted the "Growth With Equity" summary volume as required reading in their Honors Program; and
- Several universities have already expressed interest in using the paper on agriculture as required reading in courses on agricultural policy.

Employment Generation Strategy

An unemployment rate in excess of 30 percent is of primary concern to the RSA. For the upcoming "Presidential Jobs Summit," the South African Department of Labor (SADoL) is preparing an "Employment Generation Strategy" using research funds provided under USAID's Support for Economic Growth and Analysis (SEGA). This research work examines policy options in a variety of sectors in support of employment generation, and draws on the research work and results coming from the AIPA "Growth With Equity" report.⁸ Finally, the SADoL is using the National Institute for Economic Policy (another of the SO4-supported NGOs) to examine the macro-economic impacts of these policy options using the institute's large, multi-sector macro-econometric model.⁹

Medium Term Expenditure Framework

Fiscal restraint and restructuring are key elements of GEAR. In order to accomplish both goals simultaneously, the Department of Finance is moving towards multi-year budgeting by

⁸These research funds are provided as part of an Interagency Agreement with the U.S. Department of Labor in support of Labor Market Policy Formulation and Implementation.

⁹The idea for this study was developed by the SADoL Director of Research following a review of a paper prepared by USAID/SA's Mission Economist [Richard Harber, "Some Thoughts on Topics Related to Growth, Employment and Poverty Reduction Strategies for South Africa," 30 July 1996] which examined the implications of different macroeconomic growth patterns on employment generation and poverty reduction

introducing a Medium Term Expenditure Framework (MTEF).¹⁰ The purpose of the MTEF includes efforts to:

- assess the future financial implications of departmental policies and spending programs;
- provide an instrument for evaluating policy alternatives;
- enable spending agencies to plan ahead with greater certainty;
- assist Cabinet in evaluating policy options and setting expenditure priorities; and
- contribute to fiscal and financial planning and policy formulation.¹¹

The SEGA-funded long-term advisor from the U.S. Department of Treasury has played an active role in assisting the Budget Office with the development of this new system, briefing and training provincial officials with respect to the new system, and preparing reports and other documentation explaining the system.

b. Strengthened Human Resources in Economics and Policy Analysis

All targets in this area were met, implementation is on-track and could be viewed as exceeding targeted levels. The Mandela Economics Scholars Program (MESP) was one of the first agreements under the BNC. Since 1996, 16 participants have been placed in U.S. universities under the program. This total includes a second intake of ten MESP participants selected in 1997 now studying in the U.S. Of the total, 6 are women. One student has completed his work and returned to South Africa one year ahead of schedule. This returnee, while not assigned to a government job, is working as a consultant for the Department of Trade and Industry. Prior to the approval of the current activity, SO2 provided the funding for the first group of six MESP participants. The same project also provided funding for 14 disadvantaged South Africans to attend the Masters Program in Development Economics at Williams College in a cooperative effort with the National Institute for Economic Policy (NIEP), Williams College and the Educational Opportunities Council.¹²

c. Strengthened Government Departments that Deal with Economic Policy Matters

All targets for all indicators in this area exceeded projections. Demand for support and

¹⁰For more on this effort, see the Ministry of Finance's "Medium Term Budget Policy Statement 1997," 2 December 1997, which is the first part of the rolling budget that is being introduced under the MTEF process. The "Budget Policy Statement" lays out the policy framework for the coming budget which, in turn, is one year of the rolling three year budget of the MTEF.

¹¹Department of Finance, "Budget Review 1997," p. 4.2.

¹²This program can be viewed as a precursor to the Mandela Economics Scholars Program. This training was provided via the Macro-economic Policy Analysis (MEPA) program with the Educational Opportunities Council (EOC).

assistance exceeded expectations; we were able to generate the "supply" to satisfy this "demand" which has enabled us to exceed our targets. As a result, units of the Departments of Finance, Agriculture, Labor, Trade and Industry, as well as the Reserve Bank are better able to fulfill their roles in the economic policy process.

Specifically:

- A long-term advisor to the Department of Finance (through the U.S. Department of the Treasury) began work to assist with the restructuring of South Africa's budgetary system;
- A four year program of assistance (short-term training, plus research conducted by South African researchers) with the South African Department of Labor began in cooperation with the U.S. Department of Labor, to strengthen the South African capacity to address issues such as labor market and occupational safety and health policy formulation and implementation;
- The Department of Trade and Industry officials received short-term training to improve their abilities to analyze global trade trends and policies and implications for South Africa;
- Short-term training courses were developed for the South African Department of Agriculture to assist in policy analysis, especially as it relates to agribusiness and global competitiveness in the agricultural sector; and
- Personnel at the South African Reserve Bank received short-term training in macro-economic policy analysis.

d. Strengthened Think-Tanks

Performance by our partners in terms of amount and quality of research work produced exceeded all targets due to outstanding performance by our partners, NIP and AIPA. Unfortunately, the next step in this area of broadening the number of think tanks was not met due to the delay in the completion of the RFA initiated in FY 1997. Proposals in response to the RFA are currently under review.

e. Strengthened Centers of Economics Training

Agreement has been reached by the SO4 steering committee that the Economics Department at the University of the Western Cape will serve as the Center of Economics Training for South Africa's Historically Disadvantaged Tertiary Education Institutions. This and the award of the institutional contractor will allow the SO to proceed in this area in FY 1998. This target has already been met.

REGIONAL APPLICATIONS AND SYNERGIES

SO4's work with think tanks serves as a model for other USAID Missions. The SO4 Team has been working with USAID/Senegal to assist their efforts to establish economic think tanks in Senegal. We are also working with USAID/Malawi and our partners to generate ideas for similar efforts and activities in Malawi.

2. Prospects For Future Progress and Actions to Address Performance Issues

a. Expected Progress Through FY 2000

Based on our performance to date plus on-going and planned efforts, we fully expect that this Strategic Objective will continue to be a significant success, meeting or exceeding its targets. In fact, due to the outstanding performance of the past year, we have adjusted various targets under IR4.2 and IR4.3, increasing them to the levels indicated in the accompanying indicator tables.

Although flexibility is the byword of SO4 capacity enhancement programs, the following actions are already programmed:

Economic Policy: A conference on Macroeconomic Policy will be hosted in conjunction with the Department of Finance bringing together a wide array of leading U.S. economists to discuss a full spectrum of macroeconomic issues such as pension policies, exchange rates, taxation, public expenditure allocation, competitiveness and productivity, labor issues, etc.

Human Resource Strengthening: Another 15 Mandela Scholars will depart for long-term training. Four will return during the course of the U.S. summer 1998 to begin work in areas of economic policy.

Strengthening Government Departments:

- The Director General of the Department of Transportation and the Economic Advisor to the Deputy President will be provided training in finance related issues.
- Three people from the Budget Office of the Ministry of Finance will receive training in macro economic policy and management.

Strengthened Think Tanks: A new series of grants will be awarded in support of economic research think tanks.

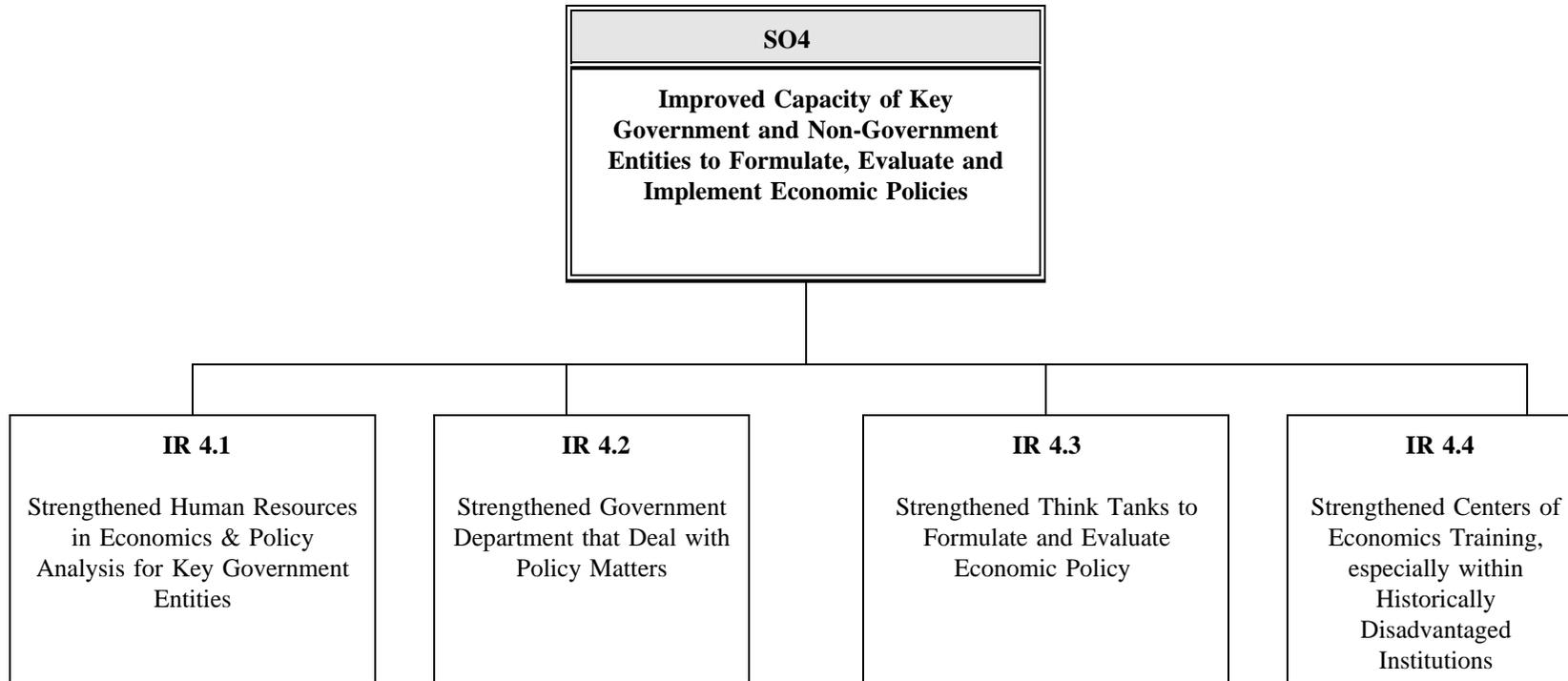
Center of Economic Training: Assistance to the University of the Western Cape will be initiated with the provision of technical assistance.

b. Management Actions

During the upcoming period, management action will be required to initiate services under the recently-awarded institutional contract to support the SO. No major funding or staffing issues are foreseen, although it should be noted that the continued availability of EG resources at the planned level of approximately \$4.0 per year is critical. There are no significant pipeline issues. The initiation of a support contract and grant awards under the think tank component will significantly increase the SO's expenditure rate.

3. Performance Data Tables

Figure 4: SO4 Results Framework



<p>Strategic Objective 4: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa</p>	
<p>RESULT NAME: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies</p>	
<p>INDICATOR: Roles and contributions of USAID-assisted individuals and institutions in affecting the economic environment</p>	
<p>UNIT OF MEASURE: Various</p>	<p>AIPA Research Program Employment Generation Strategy Medium Term Expenditure Framework (See SO Narrative)</p>
<p>SOURCE: Annual surveys</p>	
<p>INDICATOR DESCRIPTION: Analysis survey to be conducted in early 1997 to form the policy baseline</p>	
<p>COMMENTS:</p> <p>The South African economic policy review, which forms the baseline for the SO, is completed. This is a qualitative indicator. Reporting at the SO level will pursue two approaches: (i) identification and monitoring what USAID assisted individuals and organizations are doing and how their work relates to South Africa's policy formulation process; and (ii) "vignettes" concerning specific policy changes or non-changes and the role that USAID assisted individuals and organizations have contributed to that process.</p>	

<p>Strategic Objective 4: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa</p>			
<p>RESULT NAME 4.1: Strengthened human resources in economics and policy analysis for key government entities</p>			
<p>INDICATOR: Number of economists trained via Mandela Economics Scholars Program placed in key government units</p>			
UNIT OF MEASURE: Number of men and women trained as economists	YEAR	PLANNED	ACTUAL
SOURCE: Project records and reports	1996B	M:0 W:0	N/A
<p>INDICATOR DESCRIPTION: Target figures are cumulative. Indicator reflects the number of people trained through MESP who subsequently become employed in, or are transferred to, key government economic units in departments that are involved in economic policy matters.</p>	1997	M:0 W:0	M:1
	1998	M:2 W:2	
<p>COMMENTS:</p> <p>Since 1996, sixteen participants (8 Ph.Ds; 8 MAs) have been placed in U.S. institutions. Six participants are women (2 Ph.Ds; 4 MAs).</p> <p>Departments involved in policy matters are, but not exclusive, the Office of Executive Deputy President; Department of Finance; Department of Labor; Department of Agriculture; Department of Trade and Industry; Department of Transportation; Department of Health; Department of Education; Department of Environmental Affairs and Tourism/Department of Water Affairs; Fiscal and Financial Commission.</p>	1999	M:4 W:4	
	2000	M:8 W:7	
	2001	M:16 W:12	
	2002	M:25 W:18	
	2003	M:35 W:25	

Strategic Objective 4: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies APPROVED: 5/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 4.2. Strengthened government departments that deal with policy matters			
INDICATOR: Number of units within departments which have been strengthened			
UNIT OF MEASURE: Number of departmental units	YEAR	PLANNED	ACTUAL
SOURCE: Project records and reports			
INDICATOR DESCRIPTION: Target figures are cumulative. Strengthened will be determined by the training and technical assistance provided in response to identified needs of selected units. The target figure for FY 2005 is 12.	1996 (B)	0	N/A
	1997	4	7
COMMENTS: The numbers in brackets are the original targets and those without brackets are the revised targets. The seven units strengthened units are from the following departments: 1. Department of Finance : 2 units (i) The Budget Office (ii) The Municipal Finance Policy Unit 2. Department of Agriculture: 1 unit The Directorate of Agricultural Economics 3. Department of Labor: 2 units (i) Chief Directorate of Labor Market Policy Unit (ii) Chief Directorate of Occupational Health and Safety Unit 4. Department of Trade and Industry: 1 unit Policy Analysis and Strategy Unit 5. South African Reserve Bank: 1 unit Economics Department - Money and Banking Division	1998	¹³ [6] 9	
	1999	[10] 12	
	2000	12	
	2001	12	
	2002	12	
	2003	12	

¹³The numbers in brackets for 1998 and 1999 are the originally planned targets. Given the demand for support and assistance from the government units, and the commitment to address economic policy matters, USAID will expand its support beyond the initial planned targets. It is therefore necessary to revise the targets for 1998 and 1999 upwards. For other years targets remain unchanged.

Strategic Objective 4: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 4.2: Strengthened government departments that deal with policy matters			
INDICATOR: Number of trained disadvantaged South Africans in middle and senior level positions			
UNIT OF MEASURE: Number of trained disadvantaged South Africans	YEAR	PLANNED	ACTUAL
SOURCE: Project records and reports	1996 (B)	M:0 W:0	N/A
INDICATOR DESCRIPTION: People trained through SO4 and subsequently placed in mid and senior positions. This indicator will allow the SO to track the placement of participants, however, USAID has no capacity to influence placement or the movement of the employees. Targets are cumulative. The target for FY 2004 is 40 trained individuals placed in mid and senior positions (male 24; female 16)	1997	M:0 W:0	
	1998	M:0 W:0	
	1999	M:0 W:0	
	2000	M:2 W:2	
	2001	M:4 W:4	
	2002	M:7 W:6	
	2003	M:14 W:11	
COMMENTS: One student has completed his MA program and returned to South Africa one year ahead of schedule. Whilst not assigned to a government job, the returnee is working as a consultant for the Department of Trade and Industry. Three Mandela Economic Scholars are expected to return in FY 1998 and be placed in key government units. Their performance will be monitored from the year 2000.			

Strategic Objective 4: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies			
APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME: 4.2: Strengthened government departments that deal with policy matters			
INDICATOR: Number of strengthened units with recurrent operational budget			
UNIT OF MEASURE: Number of units	YEAR	PLANNED	ACTUAL
SOURCE: Project records and reports	1996 (B)	0	N/A
INDICATOR DESCRIPTION: Economic units in government departments with recurrent operational budget. Target figures are cumulative. The target figure for 2004 is 12.	1997	4	7
	1998	¹⁴ [6] 9	
COMMENTS: Activities began in FY 1997. Recurrent operational budgets of the departmental units will be monitored from FY 1998.	1999	[10] 12	
	2000	12	
	2001	12	
	2002	12	
	2003	12	

¹⁴The number in brackets for 1998 and 1999 are the originally planned targets. Given the demand for support and assistance from the government units, and the commitment to address economic policy matters, USAID will expand its support beyond the initial planned targets. It is therefore necessary to revise the targets for 1998 and 1999 upwards. For other years, targets remain unchanged.

Strategic Objective 4: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 4.3: Strengthened think tanks to formulate and evaluate economic policy options			
INDICATOR : Number of think tanks with a sustainable plan			
UNIT OF MEASURE: Number of think tanks	YEAR	PLANNED	ACTUAL
SOURCE: Project records and reports	1996 (B)	0	N/A
INDICATOR DESCRIPTION: Think tanks supported by USAID with a strategic and operational plan which is sustainable within limits of planned support. Target figures are cumulative. The target for 2004 is 6	1997	3	2
	1998	4	
COMMENTS: USAID is providing grants to 2 think tanks i.e.,(i) The African Institute for Economic Analysis and Economic Integration (AIPA) and the National Institute for Economic Policy (NIEP). The process of measuring the sustainability of the 2 organizations has been initiated and will be completed in FY 1998. The Organizational Capacity Assessment Tool will be used in assessing the sustainability of the present and future grantees.	1999	5	
	2000	6	
	2001	6	
	2002	6	
	2003		

Strategic Objective 4: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies APPROVED: 05/22/1997 COUNTRY/ORGANIZATION : South Africa			
RESULT NAME 4.3: Strengthened think tanks to formulate and evaluate economic policy options			
INDICATOR: Number of studies			
UNIT OF MEASURE: Number	YEAR	PLANNED	ACTUAL
SOURCE: Project records and reports	1996 (B)	4	N/A
INDICATOR DESCRIPTION: Studies produced by USAID-assisted think tanks. Targets are cumulative. Target for 2004 is 65	1997	10	30
COMMENTS: AIPA's research, which has been completed, examined the necessary conditions for South Africa to generate sustainable growth and employment that will absorb the country's labor force. AIPA's research focussed on six themes i.e., economic growth with equity, fiscal and monetary policy issues, savings and investments, industrial and trade policy, agriculture, the labor market, lessons from sub-Saharan Africa, Chile, Australia, New Zealand, some countries from the United Nations Economic Commission for Asia, and the impacts of the proposed actions on Southern Africa. The individual papers have been summarized in a AIPA's volume "Growth with Equity" and has been published and widely disseminated to stakeholders and policymakers. NIEP's research focussed largely on macroeconomic modelling, fiscal and monetary issues, privatization, employment generation and poverty reduction strategies, trade and industrial policies, and labor market. The research resulted in several publications and paper series.	1998	¹⁵ [15] 35	
	1999	[20] 40	
	2000	[25] 45	
	2001	[30] 50	
	2002	[35] 55	
	2003	[40] 60	

¹⁵The numbers in parenthesis for 1998 to 2003 are the originally planned targets. In 1997 the number and quality of research produced by AIPA and NIEP significantly exceeded due to the sterling performance by these partners and an underestimation of the capacity of the two organizations. Based on the performance and capacity of the current organizations supported under SO4, the planned targets are revised upwards.

Strategic Objective 4: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 4.3: Strengthened think tanks to formulate and evaluate economic policy options			
INDICATOR: Number of studies			
UNIT OF MEASURE: Number	YEAR	PLANNED	ACTUAL
SOURCE: Project records and reports	1996 baseline	4	N/A
INDICATOR DESCRIPTION: Studies produced by USAID-assisted think tanks. Targets figures are cumulative. Target for FY 2004 is 50	1997	4	29
COMMENTS: The studies conducted by AIPA have been evaluated by leading experts from the Harvard Institute for International Development (HIID), Codestria, a research institute in Dakar, Senegal, USAID/South Africa who judged the studies listed in 4.3.2 for the indicator "Number of studies" above, to be good. NIEP has assessed its studies listed in 4.3.2 for the indicator "Number of studies" for quality by using various criteria such (i) rigorous internal evaluation and constructive critique on the research undertaken, (ii) external evaluation and expert comments received from individuals in the field of specialization, (iii) presentation of the studies in conferences to receive expert comments, (iv) the has been published or accepted for publication in a journal or as a chapter in a book, and (v) implementation of the studies' proposals or the proposals have generated debate within the country or sectors.	1998	¹⁶ [7] 32	
	1999	[9] 34	
	2000	[12] 37	
	2001	[15] 40	
	2002	[18] 43	
	2003	[22] 47	

¹⁶The numbers in parenthesis for 1998 to 2003 are the originally planned targets. In 1997, the number and quality of research produced by AIPA and NIEP significantly exceeded due to the sterling performance by these partners and an underestimation of the capacity of the two organizations. Based on the performance and capacity of the current organizations supported under SO4, the planned targets are revised upwards.

Strategic Objective 4: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 4.4: Strengthened Centers of economic training especially within historically disadvantaged institution			
INDICATOR: Number of centers			
UNIT OF MEASURE: Number	YEAR	PLANNED	ACTUAL
SOURCE: Project records and reports	1998 (B)	1	
INDICATOR DESCRIPTION: USAID assisted centers for economics training judged sustainable. Determination of sustainable will be based on factors such as sufficient recurrent budget and the quality of research papers produced and programs undertaken in each center.	1999	1	
	2000	1	
	2001	1	
	2002	1	
	2003	1	
COMMENTS: Nothing to report in FY 1997. Sustainability requirement will be evaluated in 1998. The University of the Western Cape (UWC) have been selected by the Forum of Historically Disadvantaged Institution as a center of economics training. Discussions have been initiated with the Department of Economics and activities will start in 1998.	2004	1	

Strategic Objective 4: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies			
APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME 4.4: Strengthened Centers of economic training especially within historically disadvantaged institution			
INDICATOR: Percentage increase in the number of the centers' graduates			
UNIT OF MEASURE: Percent increase	YEAR	PLANNED	ACTUAL
SOURCE: Project records and reports	1998 (B)	To be determined	N/A
INDICATOR DESCRIPTION: The baseline figure will represent the number of graduates from the supported department in academic year 1998. Target figures are cumulative.	1999	0	
	2000	0.5%	
COMMENTS: Nothing to report in FY 1997. The percentage increase in the number of the center's graduates will be evaluated in 2000.	2001	1.0%	
	2002	1.5%	
	2003	3.0%	
	2004	3.5%	

Strategic Objective 4: Improved capacity of key government and non-government entities to formulate, evaluate and implement economic policies APPROVED: 05/22/1997 COUNTRY/ORGANIZATION: South Africa			
RESULT NAME: 4.4: Strengthened Centers of economic training especially within historically disadvantaged institution			
INDICATOR: Number and quality of research papers produced by the centers			
UNIT OF MEASURE: Number of research papers	YEAR	PLANNED	ACTUAL
I.SOURCE: Project records and reports	1998 (B)	0	N/A
	1999	6	
INDICATOR DESCRIPTION: Studies produced by the supported department in the academic year 1999. Target figures are cumulative	2000	21	
	2001	26	
COMMENTS: Nothing to report in FY 1997. Research papers are expected to be produced in FY 1998.	2002	30	
	2003	35	
	2004	40	

4. Environmental Compliance

For SO2, Transformed Education System based on Equity of Access and Quality, and SO4, Improved Capacity of Key Government and Non-Government Entities to Formulate, Evaluate and Implement Economic Policy, activities are expected to remain as planned with Categorical Exclusions applicable to all.

E. SO5 INCREASED ACCESS TO FINANCIAL MARKETS FOR THE HISTORICALLY DISADVANTAGED POPULATION

1. Performance Analysis

In FY 1997, **SO5's efforts to increase historically disadvantaged entrepreneurs' access to financial markets outperformed expectations, exceeding or meeting all SO-level targets.** An increasing number of historically disadvantaged South Africans are obtaining credit and equity financing and winning South African government and private sector contracts as a result of programs and policy initiatives supported by USAID. Not only was FY 1997's performance superior, building on a positive trend, but with the last of the SO's activities due to be launched in FY 1998, continued strong performance is anticipated until program phase-out in 2001. SO5 contributes to the U.S. national interest of *encouraging restructuring towards a sustainable, market-based economy in a manner which will concurrently rectify the socio-economic inefficiencies and legacies of apartheid.* This is the second highest priority in the U.S. Mission Performance Plan.

With high unemployment and one of the most inequitable income distributions in the world, economic growth and black economic empowerment are critical to the success of South Africa's transformation. USAID's customers repeatedly cite access to capital as the most serious constraint to increased black ownership of economic assets. SO5's ongoing dialogue with partners in the government, NGOs, the private sector and the donor community confirms the appropriateness of the strategic objective.

The achievement of SO5 depends on policy and institutional frameworks that actively encourage increased participation by the historically disadvantaged in the formal economy (e.g., affirmative procurement, special arrangements for black participation in privatization deals and business development institutions.) In addition, the financial sector must itself become more responsive and creative in developing appropriate mechanisms to serve small, medium and micro- enterprises (SMMEs.) Finally, historically disadvantaged enterprises must be able to respond appropriately to the requirements of the financial market. That is, they must be able to put together good business plans, identify markets, develop their business and technical skills and gain access to more productive technologies. These form the basic building blocks of the SO5 strategy.

SO5's interventions reflect the dualistic nature of South Africa's economy with some focusing on microenterprises typical of developing countries and others targeting the historically disadvantaged small, medium and large enterprises that operate in the "first world" economy. Throughout the portfolio, the SO5 team has emphasized the following principles to enhance the overall impact of the program:

- synergy among activities
- leveraging private sector resources
- developing models that can be replicated by others
- actively encouraging the participation of women.

a. Microenterprise: Environment Improving But Outreach Still Limited

The South African government capitalized Khula Enterprise Finance during the reporting period, providing a vital source of loan capital and operating funds for microfinance institutions. Khula also operates a guarantee scheme modelled on USAID's Loan Portfolio Guaranty. Both schemes encourage the traditional, collateral-based banking industry to lend to emerging black SMMEs. However, only 12 microfinance institutions currently have sufficiently sound programs to qualify as recipients of Khula's wholesale loan capital. Khula's dilemma highlights a fundamental issue: there is a dearth of microfinance providers in South Africa. Micro-finance institutions (MFIs) serve only 50,000 out of the country's one million microenterprises.

Village banks are one potential means to meet the need for financial services. USAID support for the USDA's piloting of the village bank concept in South Africa, a BNC initiative, could pave the way for a nationwide program to reach the drastically underserved rural population. During 1997, a critical issue regarding the registration and supervision of village banks was resolved. Given formal registration and supervision, village banks will be able to accept deposits as well as make loans. Their potential for replication will then be assessed.

1997 witnessed a dramatic turnaround in the performance of Get Ahead Financial Services (GAFS), a local NGO that USAID, both the Mission and Global's Microenterprise Office, has supported for the last decade. GAFS was plagued with problems typical of micro-finance organizations -- rapid expansion of the services leading to poor repayment rates and lack of management information to signal the problem. In FY 1997, GAFS more than doubled its client base to 17,000, of whom 92 percent are women, in one year; made R15 million (\$3 million) in loans and improved its repayment rate. The key to the turnaround is a new executive director who comes to GAFS with formal banking sector experience and a vision of making microfinance not only sustainable but profitable.

CHURNING UP A COOL DEAL

Absolom Nhlabathi started out hawking ice cream in the townships. After expanding as a distributor, he had an opportunity to buy an ice cream making business. A USAID-funded venture capital specialist assisted Nhlabathi in sourcing R1.8 million in debt and equity to buy the business, California Classic Ice Cream. The plant has 15 employees and distributes its product through five outlets run by 10 women. One township outlet thrives by selling ice cream through 100 hawkers - some of whom will one day follow in Absolom's footsteps.

During FY 1997, World Education, a U.S. PVO, laid the groundwork for assisting other South African MFIs to avoid the aforementioned pitfalls by providing technical assistance and training that enables them to increase their outreach and improve cost recovery. Despite a slow start-up, work with South African non-financial service providers has accelerated and nine local MFIs are targeted for assistance in FY 1998.

Serving growth-oriented microentrepreneurs needing loans in the R10,000-50,000 range (R50,000 being the amount at which banks will consider lending) is a difficult challenge, particularly in South Africa's high operating cost environment. The efforts of VITA, another U.S. PVO, to target this group have been disappointing to date due to the failure of its initial

loan methodology. There are recent signs that VITA may have found a winning strategy that includes targeting specific market segments with rapid turnover and making working capital loans to entrepreneurs who have won government contracts.

b. Small and Medium-Sized Enterprises: Dealmaking Exceeds Expectations

In FY 1997, USAID was directly responsible for 48 historically disadvantaged small and medium-sized enterprises (eight of which are women-owned) accessing \$7.35 million in loans and equity that will enable them to expand or diversify their businesses. In addition to the impact on the firms involved, these transactions have a powerful demonstration effect for other firms and the financial institutions. Furthermore, these deals demonstrate the potential for leveraging resources from South Africa's private sector for enterprise development - all the financing came from the private sector.

The highly successful Business Linkages for Underutilized Enterprises (BLUE) activity, first reported on in last year's R4, has helped disadvantaged small supplier firms to obtain contracts worth R44.6 million (\$9 million) with 92 corporations, parastatals and government departments, far surpassing its program targets with a year still to go. About 20 percent of these contracts went to women-owned firms. BLUE is an excellent model of how to develop sustainable partnerships with the private sector and make the most of affirmative procurement policies. It has obtained funding from private companies to increase the scope of its program and is likely to continue in some form after USAID support ends next year.

The largest USAID-supported black empowerment transaction, concluded in February 1997, was the Naledi Petroleum transaction, worth R300 million (\$60 million). In 1995, the National Black Fuel Retailers Association began looking for joint venture partners to create South Africa's first black-controlled oil company. USAID, through the Black Integrated Commercial Support Network (BICSN) project, provided technical assistance valued at \$140,000 to the group. 450 black gas station owners contributed the equity for Naledi's 51 percent stake in the deal with Sasol Oil. Today, Naledi Petroleum is the first black business with a government contract for diesel and gasoline distribution, having outcompeted international giants to win. As the next step in this black empowerment deal, the company is building a chain of franchised gas stations.

PAST INVESTMENTS PAY DIVIDENDS

The value of historically disadvantaged companies listed on the Johannesburg Stock Exchange has grown from next to nothing in 1991 to almost 10% in 1997 - a subtle but striking sign of greater black access to financial markets. In 1991 there were two black-owned firms listed on the JSE; in 1996 there were 12. At least three JSE-listed firms are direct beneficiaries of USAID's Black Integrated Commercial Support Network (BICSN) project promoting equity ownership and joint ventures. In one case, the market has rewarded black institutional investors' ground-breaking acquisition of a controlling interest in African Life, an insurance company, with an eight-fold increase in the value of AfLife's shares since 1994.

Another example of how USAID acts as a catalyst to leverage private sector resources to achieve this SO is the BICSN project's feasibility study for a quasi-equity "Succession Fund", which targets a market niche created by growing pressure on small business owners to sell

equity stakes and transfer management to new disadvantaged owners. The study identified approximately 5,000 promising SMEs requiring financing for expansion and management buy-outs and buy-ins. The International Finance Corporation plans to capitalize up to 25 percent of the fund and raise the balance from private US and South African pension funds and insurance companies. Start-up is expected in 1998.

c. Privatization Program: An Early Success

In early 1997, USAID helped to advance South Africa's first privatization transaction and the largest to date in sub-Saharan Africa -- the sale of a 30 percent equity stake of the telecommunications parastatal, Telkom SA, to an investment consortium led by U.S. firm SBC Communications (formerly Southwestern Bell) -- and the initiation of the National Empowerment Fund to "warehouse" shares for broad distribution. One cannot underestimate the power of the unions in the privatization process. About 70,000 of Telkom's 80,000 workers are unionized. USAID invited five key labor union officials to attend an intensive 2-week workshop on deregulation/privatization of the telecommunications industry in Washington, DC. Union officials acknowledged that their understanding of the privatization process -- the necessity for it and the opportunities presented -- was entirely re-shaped, resulting in a reversal of their previous opposition to the process. Three months later, hours before an historic equity investment was announced, an emergency meeting with union rank-and-file confirmed their support for the investment. As a result of these two USAID-sponsored interventions with labor, the proposed 30% equity investment in Telkom SA was endorsed by the unions and management alike. This US\$1.2 billion transaction is an excellent example of public-private partnerships and a partnering of private investment with social goals. It demonstrates the need to incorporate social considerations in potential bids and to engage in a highly consultative process with the constituencies of the affected enterprises.

During FY 1997, USAID, the only donor assisting the RSA with privatization issues, laid the groundwork for a meaningful partnership with the Office for Public Enterprises (OPE). The RSA announced the concept of a National Empowerment Fund (NEF) to help finance business start-ups, expansions, buy-outs and participation in privatization deals by the historically disadvantaged population. The NEF will set aside 10 percent of the shares of privatized enterprises and eventually sell them at a discount to historically disadvantaged individuals. USAID will work with the OPE in refining the mechanism for this financially empowering distribution scheme.

2. Prospects For Progress and Actions to Address Performance Issues

a. Expected Progress Through FY 2000

SO5 expects to meet its FY 2000 performance targets and to complete all activities under the SO by the end of FY 2001. However, if the resources requested in FY 1998 from G/EG/MD's PRIME Fund are not approved, we will have to revise our microenterprise targets downward.

The RSA's strong commitment to black economic empowerment suggests that the policy environment for SMME development will continue to improve. SO5 expects, therefore, that affirmative procurement policies at the national and provincial levels will continue to create new opportunities for SMMEs and that the IRs related to policy environment (IR5.1 and 5.4)

will be completed by the end of FY 1999. Privatization will continue to be a politically sensitive issue and may not proceed at the projected pace. The establishment of the National Empowerment Fund will, however, encourage opponents of privatization to see the process in a more positive light.

SMMEs' appetite for both financial and non-financial assistance is virtually insatiable. SO 5, therefore, anticipates that all activities working directly with historically disadvantaged entrepreneurs will be over-subscribed. The success of these activities is dependent on the capability of the service providers rather than the external environment. This implies that the SO team must continue to be vigilant in monitoring contractors' and grantees' performance.

During the reporting period, SO5 invested substantial effort getting two microenterprise support contracts back on track. Both had experienced start-up delays. The major problems have now been addressed and there is reason to believe that the contractors will make up for lost time over the next year.

A grantee that will train historically disadvantaged junior and mid-level officers from banks and other financial institutions encountered delays during the first 15 months of a three-year grant. Training is likely to begin in mid-FY 1998. Given that FY 1997 was the last year of SO5's scheduled funding, the team felt that it could not afford to fully fund this lagging program.

Finally, the SO team continues to work with counterparts in the Office for Public Enterprises (OPE) and the Department of Trade and Industry (DTI) to speed up and improve the implementation of bilateral agreements. As has been noted in the R4 overview, the RSA's limited experience dealing with donors in a government-to-government context, the intricacies of USAID's host country contracting process and the relatively small amount of resources USAID brings to the table are detrimental to our ability to implement bilateral agreements efficiently. SO5 has made important breakthroughs with both the OPE and DTI in recent months and expects to see a significant improvement in performance over the next year.

b. Management Actions

FY 1998 is the last year of bilateral funding for private sector development activities in South Africa. The decision to cease funding in FY 1998 was made on the assumption that private sector-related policies and institutions would evolve somewhat more rapidly, and without a full appreciation of the time needed to learn what works well in the South African context. For example, the RSA's privatization program is still in its infancy and USAID is the only donor in this area. Key issues relating to the environment for microfinance, such as regulation of village banks and restrictions imposed by the Usury Act, are just now being addressed. With respect to interventions, USAID's approach to developing business partnerships and facilitating a range of transactions for small and medium enterprises has achieved a substantial momentum. Despite very significant progress in achieving the targets stipulated in the R4, *the need is still enormous, and the opportunity to build on our success to date is great.*

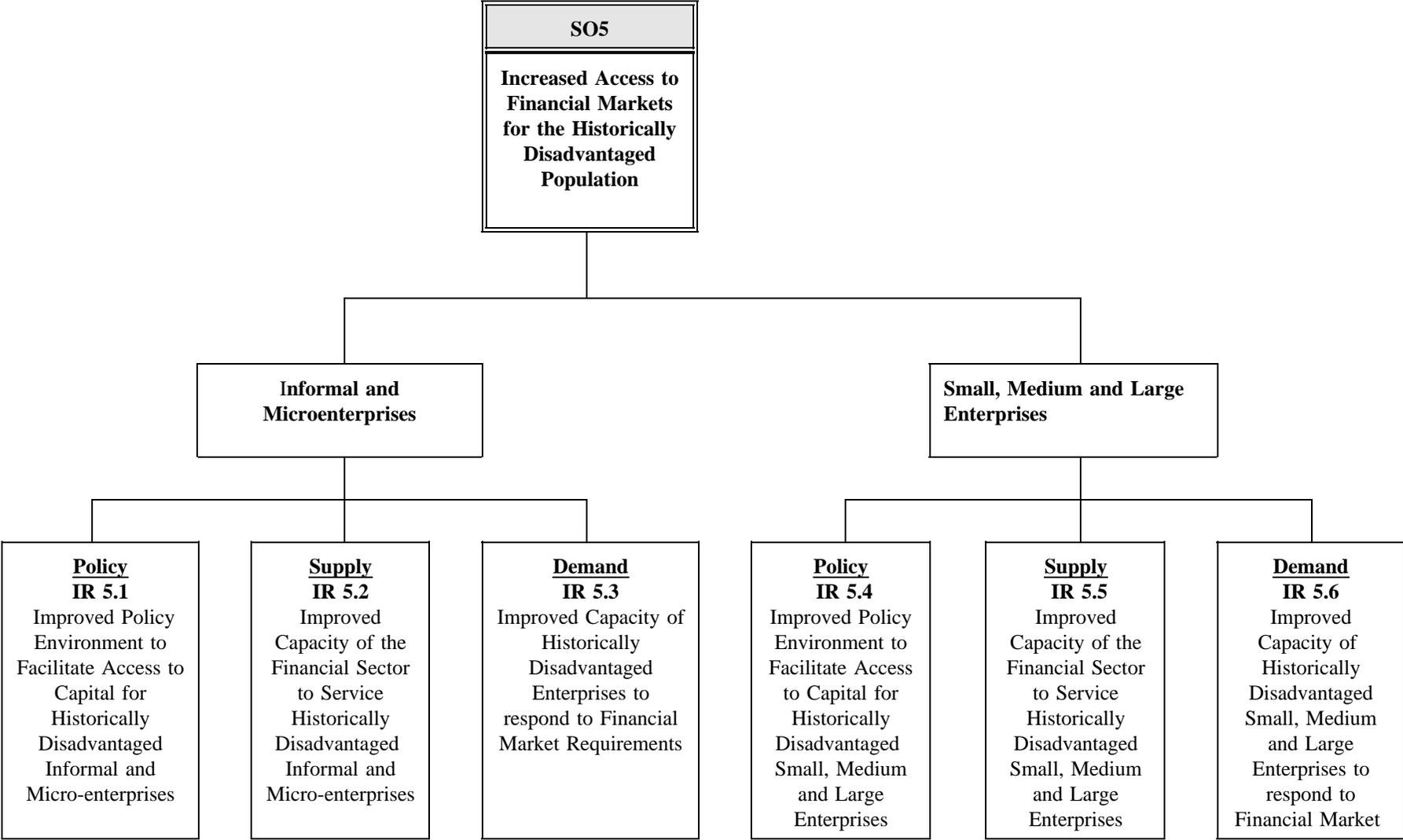
The Mission is, therefore, requesting additional bilateral resources amounting to \$3.5 million in FY 1999, of which \$0.5 million would be for Development Credit Authority, and \$2.0 million in FY 2000. In addition, the Mission requests \$3.5 million in ATRIP funds in FY 1999 (\$3.0

million for TA for policy reform to support the development of a wholesale framework for privatization and restructuring in South Africa; \$0.5 million for African-American business partnerships.)

Additional bilateral resources would increase the number of microenterprises accessing loans through USAID-supported programs by at least 7,000 per annum, the number of loans by 10,000 per annum and the value of loans made to microenterprises by \$5 million per annum. Further, the number of small and medium enterprises accessing financing through USAID-supported programs would increase by a minimum of 25 and the value of loans and equity made available to these enterprises through USAID-supported programs would grow by a minimum of \$35 million per year. Importantly, improvements in the policy environment to facilitate access to capital for historically disadvantaged enterprises are anticipated in the privatization arena as well as in the areas of trade policy, financial policy and intellectual property rights impacting small business growth and viability.

3. Performance Data Tables

Figure 5: SO5 Results Framework



Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5: Increased access to financial markets for the historically disadvantaged population

INDICATOR: Number of microenterprises accessing loans through USAID-supported programs

UNIT OF MEASURE: Number of microenterprises

SOURCE: GAFS, World Ed, VITA, new microfinance activity (beg. FY 1999)

INDICATOR DESCRIPTION: Annual. LPG provides SME loan guaranties. EASY, BICSN and SAIBL assist in identifying financing sources. SAEDF provides financing.

COMMENTS:

Indicator moved from IR5.2 to SO level because it measures access . End of direct support to Get Ahead Financial Services in March 1998 means targets decline beginning in 1999. In 1997, 92% of the microenterprises are women-owned.

YEAR	PLANNED	ACTUAL
1994		5,400 (B)
1995		9,750
1996	10,000	16,000
1997	15,000	25,000
1998	15,200	
1999	4,850	
2000	2,000	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5: Increased access to financial markets for the historically disadvantaged population

INDICATOR: Number of loans made to microenterprises through USAID-supported programs

UNIT OF MEASURE: Number of loans	YEAR	PLANNED	ACTUAL
SOURCE: GAFS, World Ed., VITA, new microfinance program (beg. FY 1999)	1994		8,100 (B)
	1995		12,000
INDICATOR DESCRIPTION: New Indicator annual	1996		16,150
	1997	20,000	35,000
COMMENTS:	1998	15,000	
	1999	6,000	
	2000	1,500	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5: Increased access to financial markets for the historically disadvantaged population

INDICATOR: Value of loans made to microenterprises through USAID-supported programs

UNIT OF MEASURE: Value of loans in South African Rand	YEAR	PLANNED	ACTUAL
SOURCE: GAFS, World Ed., VITA, new microfinance activity (beg. FY 1999) INDICATOR DESCRIPTION: \$ 100 = R 4.90. Annual COMMENTS: New Indicator.	1994		R9 mil. (B)
	1995		R6.3 mil.
	1996		R8 mil.
	1997	R15 mil.	R15,000 mil.
	1998	R20 mil.	
	1999	R18 mil.	
	2000	R7.5 mil.	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5: Increased access to financial markets for the historically disadvantaged population

INDICATOR: Value of loans and equity made available to small and medium enterprises through USAID-supported programs

UNIT OF MEASURE: Dollars

SOURCE: EASY, LPG, SAEDF, BICSN, SAIBL

INDICATOR DESCRIPTION: Annual.

COMMENTS:

New Indicator. EASY/Eccles - \$2.2 million; EASY/Phoenix - \$3.45 million; LPG - \$1.15 million; SAEDF - \$0.55 million

YEAR	PLANNED	ACTUAL
1995		\$1.9 mil. (B)
1996		\$4.3 mil.
1997	\$7 mil.	\$7.35 mil.
1998	\$13.5 mil.	
1999	\$35.5 mil.	
2000	\$25.5 mil.	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5: Increased access to financial markets for the historically disadvantaged population

INDICATOR: Number of small and medium enterprises accessing financing through USAID-supported programs (includes debt and equity financing)

UNIT OF MEASURE: Number of historically disadvantaged enterprises	YEAR	PLANNED	ACTUAL
	1995		175 (B)
SOURCE: EASY, LPG,SAEDF,SAIBL, BICSN	1996		237
INDICATOR DESCRIPTION: Annual.	1997	36	48
COMMENTS:	1998	46	
New Indicator. EASY - 10; LPG - 36; SAEDF - 1; BICSN - 1	1999	45	
	2000	48	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5: Increased access to financial markets for the historically disadvantaged population

INDICATOR: National Empowerment Fund (NEF) established to help finance business start-ups, expansions, buy-outs and participation in privatization by historically disadvantaged population.

UNIT OF MEASURE: Qualitative

SOURCE: Ministry for Public Enterprises

INDICATOR DESCRIPTION: Annual. NEF will warehouse a 90% of shares of privatized enterprises for broad national distribution, which should significantly impact the availability of funds and credit among disadvantaged South Africans.

COMMENTS:

New Indicator.

YEAR	PLANNED	ACTUAL
1994		Fund not yet conceived of (B)
1995		n/a
1996		n/a (indicator introduced in FY 97)
1997		NEF concept announced
1998	Details for NEF operation developed and enabling legislation passed	
1999	Fund operational	
2000		

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.1: Improved policy environment to facilitate access to capital for historically disadvantaged informal and microenterprises

INDICATOR: SME finance policies implemented

UNIT OF MEASURE: Qualitative

SOURCE: Department of Trade and Industry (DTI)

INDICATOR DESCRIPTION: Key elements of a supportive policy framework are the availability of capital and the ability to charge cost recovering interest rates. Khula makes capital and some operating funds available to qualifying MFIs. The Usury Act regulates interest rates on loans above R6,000 (\$1200).

COMMENTS:

Single indicator used in FY 1996 has been desegregated and made more descriptive for FY 1997

YEAR	PLANNED	ACTUAL
1995		No policies targeting HD enterprises (B)
1996	Khula, the financing arm of the government's SME institutions, established	Khula legally established
1997	Khula operational	Khula operational; wholesale loans and guaranty products developed
1998	Changes to Usury Act (higher loan floor) promulgated.	
1999	Changes to Usury Act passed	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.1: Improved policy environment to facilitate access to capital for historically disadvantaged informal and microenterprises

INDICATOR: Affirmative procurement policies implemented

UNIT OF MEASURE: Qualitative	YEAR	PLANNED	ACTUAL
SOURCE: Department of Trade and Industry	1996		10-point plan for national and provincial tenders issued in October 1996 (B)
INDICATOR DESCRIPTION: National and provincial governments adopt policies that encourage participation of historically disadvantaged enterprises in government procurement.	1997	Green Paper outlining proposed policy issued.	Green Paper issued, April 1997
COMMENTS: Single indicator used in FY 1996 has been desegregated and made more descriptive for FY 1997. The BLUE Project has played a significant role in the dialogue on affirmative procurement [expand].	1998	White Paper issued	
	1999	Legislation authorizing affirmative procurement passed	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.1: Improved policy environment to facilitate access to capital for historically disadvantaged informal and microenterprises

INDICATOR: How Institutional framework for SME development implemented

UNIT OF MEASURE: Qualitative

SOURCE: Department of Trade and Industry

INDICATOR DESCRIPTION:

COMMENTS:

Single indicator used in FY 1996 has been desegregated and made more descriptive for FY 1997. This indicator will be dropped after FY 1997 as it has been completed.

YEAR	PLANNED	ACTUAL
1995		No institutions targeting HD enterprises (B)
1996		DTI support institutions (Khula, NEPA, NSBC) established
1997	Small Business Enabling Act passed; NEPA and NSBC designated as statutory and functioning bodies; Khula capitalized	All targets completed
1998		
1999		
2000		

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.1: Improved policy environment to facilitate access to capital for historically disadvantaged informal and microenterprises

INDICATOR: Village banks registered as legal entities

UNIT OF MEASURE: Qualitative

SOURCE: Department of Trade and Industry

INDICATOR DESCRIPTION: Village banks need a legal/regulatory framework in order to operate legally and begin lending activities.

COMMENTS:

New indicator for FY 1997. During FY 1997, a regulatory mechanism has been negotiated but not formally executed.

YEAR	PLANNED	ACTUAL
1997		No legal/regulatory framework for village banks (B)
1998	Village Banks registered with and supervised by Board. Common bond exemption granted to allowed village banks to make loans. exemption	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.2: Improved capacity of the financial sector to service historically disadvantaged informal and microenterprises

INDICATOR: Loan capital leveraged for microfinance institutions

UNIT OF MEASURE:US\$ Millions

SOURCE:LPG, VITA, Village Banks

INDICATOR DESCRIPTION:Annual

COMMENTS:

New indicator. Reflects funds leveraged through USAID financing only. For 1997, ratio of USAID funds to total funds is 1:4.

YEAR	PLANNED	ACTUAL
1996		0 (B)
1997	\$1 mil.	\$2.2 mil.
1998	\$2 mil.	
1999	\$4 mil.	
2000	\$6 mil.	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.2: Improved capacity of the financial sector to service historically disadvantaged informal and microenterprises

INDICATOR: Number of USAID- assisted microfinance providers

UNIT OF MEASURE: US\$ Millions

SOURCE: LPG, SAEDF, VITA, Get Ahead, Village banks, World Education

INDICATOR DESCRIPTION: Annual. Some MFIs will receive direct USAID funding. Others will receive technical assistance and training to expand and increase the sustainability of their program.

COMMENTS:

New indicator.
 1994 - 1996 Get Ahead, SEF
 1997 - Get Ahead, Rural Finance Facility, VITA

YEAR	PLANNED	ACTUAL
1994		2 (B)
1995		2
1996		2
1997	2	3
1998	11	
1999	16	
2000	3	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.3: Improved capacity of historically disadvantaged enterprises to respond to financial market requirements

INDICATOR: Number of USAID-assisted non-financial service providers delivering new or improved services

UNIT OF MEASURE: Number of organizations	YEAR	PLANNED	ACTUAL
SOURCE: World Education , VITA	1996		0 (B)
INDICATOR DESCRIPTION: Annual.	1997	3	0
COMMENTS:	1998	17	
New indicator in FY 1997. 1997 targets was not met due to delays in start-up of two contracts (with World Education and VITA) to work with local service providers and provide service directly.	1999	19	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.5: Improved capacity of the financial sector to service historically disadvantaged small, medium and large enterprises

INDICATOR: Value of corporate assets made available to HD SMEs through USAID-supported private sector equity and quasi-equity deals

UNIT OF MEASURE: South African Rands	YEAR	PLANNED	ACTUAL
SOURCE: EASY, SAEDF, BICSN, SAIBL & Deloitte	1993		0 (B)
INDICATOR DESCRIPTION: Annual	1994		R160 mil.
COMMENTS: This indicator was moved from the SO to the IR level. The exchange rate as of February 28, 1998 is \$1 = R4.90. R300 Million of the 1997 amount is for a single transaction, Naledi Oil (see text for more information). For comparative impact assessment funds leveraged through USAID support will be compared with total funds leveraged nationally on a percentage basis.	1995		ask Hosia
	1996		ask Hosia
	1997	R50 mil.	R335.6 mil.
	1998	R90 mil.	
	1999	R200 mil.	
	2000	R175mil.	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.5: Improved capacity of the financial sector to service historically disadvantaged small, medium and large enterprises

INDICATOR: Value of corporate assets made available through privatization

UNIT OF MEASURE: South African Rand	YEAR	PLANNED	ACTUAL
SOURCE: Ministry for Public Enterprises; Deloitte	1996		R0 (B)
INDICATOR DESCRIPTION: Annual	1997	R2 bil.	R5.7 bil.
COMMENTS: This indicator was moved from the SO to the IR level. R5.58 Billion of the 1997 amount represents sale of a 30% stake in Telkom to SBC Communication (a U.S. Firm) and Telkom Malaysia. R97 million (including assumption of R47 million in debt) through sale of Sun Air by Rethabile Comair Consortium. The exchange rate is R4.90 = \$1 as of February 28, 1997	1998	R50 bil.	
	1999	R200 mil.	
	2000	R300 mil	
	2000	R200 mil.	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.5: Improved capacity of the financial sector to service historically disadvantaged small, medium and large enterprises

INDICATOR: Number of bankers and other financial professionals trained to assist the SME sector to access financing

UNIT OF MEASURE: Number of people trained

SOURCE: IFESH, USSALEP, and LPG reports

INDICATOR DESCRIPTION: Annual

COMMENTS:

1997 figures by program: USSALEP - 50 (19 women);
 IFESH - 0. The IFESH program is behind schedule but will begin training in 1998.

YEAR	PLANNED	ACTUAL
1995		0 (B)
1996	50	71 (20 women)
1997	100	92 (26 women)
1998	100	
1999	100	
2000	50	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.5: Improved capacity for the financial sector to service historically disadvantaged small, medium and large enterprises

INDICATOR: Number of local investment banking firms using in-house capacity to provide privatization expertise

UNIT OF MEASURE: Number of Firms

SOURCE: Deloitte & Touche

INDICATOR DESCRIPTION: Annual

COMMENTS:

New indicator in FY 1997. This is a new activity. Skills transfer will begin during FY 1998.

YEAR	PLANNED	ACTUAL
1996		None (B)
1997	0	0
1998	0	
1999	2	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.6: Improved capacity of historically disadvantaged small, medium and larger enterprises to respond to financial market

INDICATOR: Equity and quasi-equity deals intermediated by USAID

UNIT OF MEASURE: Number of deals

SOURCE: EASY, SAEDF, BICSN, SAIBL, Deloitte & Touche

INDICATOR DESCRIPTION: Annual

COMMENTS:

Detail for FY 1997: EASY/Phoenix - 6; EASY/Eccles - 4;
 SAEDF - 1; BICSN - 1.

YEAR	PLANNED	ACTUAL
1993		0 (B)
1994		1
1995		1
1996		1
1997	11	12
1998	23	
1999	40	
2000	25	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.6: Improved capacity of historically disadvantaged small, medium and larger enterprises to respond to financial market

INDICATOR: Number of historically disadvantaged small and medium firms successfully tendering for large contracts

UNIT OF MEASURE: Number of Firms	YEAR	PLANNED	ACTUAL
SOURCE: BLUE, SAIBL, BICSN	1993		0 (B)
INDICATOR DESCRIPTION: Annual	1994		0
COMMENTS:	1995		7
1997: 20% of the firms are owned by women.	1996	10	11
20% - owned in 1997	1997	20	90
	1998	20	
	1999	50	
	2000	50	

Strategic Objective 5: Increased Access to Financial Markets for the Historically Disadvantaged Population
APPROVED: 05/22/97 **COUNTRY/ORGANIZATION:** South Africa

RESULT NAME 5.6: Improved capacity of historically disadvantaged small, medium and larger enterprises to respond to financial market

INDICATOR: Value of contracts obtained through USAID assisted linkages

UNIT OF MEASURE: South African Rands

SOURCE: BLUE, SAIBL, BICSN

INDICATOR DESCRIPTION: Annual

COMMENTS:

Data are annual. SAIBL starts in 1999
Exchange rate: \$1 = R4.9

YEAR	PLANNED	ACTUAL
1993		0 (B)
1994		0
1995		R2 Mil
1996	R5 Mil	R8 Mil
1997	R5 Mil	R36.6 Mil
1998	R5 Mil	
1999	R65 Mil	
2000	R65 Mil	

4. Environmental Compliance

Reg. 216 documentation dating from 1987 for SO5, Increased Access to Financial Markets for the Historically Disadvantaged Population, will be amended in FY 1998 to reflect current LOP funding and PACD. Documentation will also be updated to incorporate, as a pro-active measure, enhanced awareness of and capacity building to apply, as feasible, RSA environmental procedures and regulations.

F. SO6: INCREASED ACCESS TO ENVIRONMENTALLY SUSTAINABLE HOUSING AND URBAN SERVICES FOR THE HISTORICALLY DISADVANTAGED POPULATION

1. Performance Analysis

In FY 1997, South Africa made significant progress towards opening up opportunities for historically disadvantaged households to obtain adequate shelter. SO6 contributed to this achievement and, in so doing, exceeded its own performance targets. The greatest progress was made in the least visible area: policy formulation and institutional reform. Conversely, the least observable gains were made in the most visible area: completed housing units. In FY 1997, the Department of Housing, and, to a lesser extent, the Department of Constitutional Development and Provincial Affairs, amply demonstrated that they had made the critical policy decisions and had rendered operational their key implementing organizations. They also exhibited a willingness to stand by their policies and strategic decisions despite widespread criticism of the government's failure to deliver housing and services at a pace that would allow government to meet its target of one million houses by the 1999 elections.

The trend towards increased down-market lending, mostly small shelter loans and mortgages, by the private financial sector continued in FY 1997. However, the limits to this trend emerged, demonstrating that the traditional banking sector could not be counted upon to "save the day" with a powerful infusion of mortgage lending and that an effective, long-term solution for providing credit to the lowest income earners has not yet been found. In effect, the slowing-down of credit from traditional sources signaled the need to strengthen the non-traditional lending organizations that are willing to serve historically disadvantaged households.

The FY 1997 period also saw a continuation of the shake-out of shelter-sector NGOs as donor funding declined and as the less viable institutions either diminished or disappeared. In contrast, those NGOs that gave concrete proof of their ability to serve their constituents experienced a surge in membership and support. They provided their unique and essential shelter-related services, thereby underlining the critical role NGOs will continue to play.

In terms of indicators, SO6 produced positive results with better than 80 percent of the targets met or surpassed. Shortfalls, mostly at the activity level, served as useful signals to both the government and USAID to make the strategic and programmatic corrections required to achieve desired goals. The result is that FY 1997 was a period of both implementation and adjustments as the true nature of the obstacles and opportunities within the sector became more apparent. SO6 contributes to the first and second priority U.S. national interests.

a. The Maturation of the Policy Environment

Promoting the emergence of a positive policy environment continues to be a major undertaking of SO6. SO6's interventions are limited to targeted technical assistance and to supporting private sector and NGO programs that contribute to policy implementation. In 1997 almost all of the entities created by the Department of Housing (in most cases with SO6 technical assistance) to facilitate shelter delivery began to operate at full capacity. Illustrative of this development was the increased pace at which the government's one-time housing grants "subsidies" were authorized and then issued: over 150,000 in FY 1997, versus 75,000 in FY 1995 -FY 1996 period.

SO6 initially contributed to the implementation of the government's subsidy program by furnishing technical assistance to design the program. In FY 1997, SO6's contribution was delivered through its credit provision and non-credit assistance results packages (discussed below) which: (a) prepared housing projects for subsidy authorization; (b) provided bridging finance to communities and builders who have been authorized subsidies; and (c) made "top-off" subsidy loans to households requiring larger houses.

In FY 1997, the DOH demonstrated its capacity to adhere to its own policy decisions and timetable when the Department announced the closing of the Mortgage Indemnity Fund (MIF) in May 1998, since the Fund had achieved its goal. The MIF is a transitional organization created to provide insurance to financial institutions against the political risk of default on mortgages. As a result, it entices the skittish private sector into red-lined, low-income areas, where widespread bond boycotts had occurred. The closure also confirms the DOH's desire to follow a private-sector approach to housing delivery. SO6's Housing Guaranty program with two major banks has supported the MIF's operation by providing funds for loans that are restricted to the low-income households in target, red-lined areas.

SO6's work with the National Housing Finance Corporation (NHFC) represents its most notable contribution to DOH policy implementation gains in FY 1997. The NHFC is a wholesale housing finance institution that seeks to increase the level of funds mobilization for formal and non-traditional retail lenders, with special attention to those operating in the low-income housing market. In 1997, the NHFC became one of the principal participants in the BNC through which it has developed productive linkages with Fannie Mae, its U.S. counterpart institution. SO6 provided technical assistance to the DOH to create the NHFC in 1995. SO6 also facilitates and funds the NHFC's collaboration with Fannie Mae and a number of other U.S. organizations.

In 1997, its first year of operation, the National Housing Finance Corporation mobilized R1.435 billion (\$287 million) and provided non-traditional retail institutions with over R115 million in loans.

b. The Changing Shelter Credit Landscape

Access to credit remains the key constraint to improving the quality of housing and urban services for the poor. Two banks, First National Bank (FNB) and NEDCOR, as beneficiaries of nearly \$170 million in Housing Guaranty Loans (HG), continue to be SO6's primary vehicles for leveraging funds for low-income households. In FY 1997, the number of HG funded loans issued by these banks continued to increase, along with the total rand value of loans; however, the size of the loans decreased. This signals: (1) that the banks were moving down-market to service ever lower income levels; (2) a marked decline in mortgage lending; and (3) a rise in the number of the smaller housing loans, frequently used to "top-off" government subsidies for new housing construction or to upgrade existing low-cost houses. The banks also continued to increase the percentage of female loan recipients. The largest contributor to SO6's credit-delivery IR was Cash Bank, a young, aggressive, non-traditional lender making small loans in the low-income market. A SO6-financed study by the Centre for Policy Studies asserted that traditional banks are averse to giving mortgages to those earning below R1,200 per month (median urban income is R1,500, that those households, in turn, express a preference for the smaller, more manageable loans.

Both SO6 and the DOH have recognized the need to develop programs to support the non-traditional lending institutions which are the entities that are willing and able to service the lowest income households. In FY 1998, SO6 will work with the NHFC's Social Housing

Foundation which has a special mandate to strengthen non-traditional lenders and social housing organizations. This initiative will likely become a new BNC activity. Also in the context of the BNC, SO6 will support the DOH's effort to formulate legislation to create incentives for the banks to lend down-market. Finally, SO6 will begin to implement its grant to the DOH's People's Housing Partnership Trust (PHPT), the entity that will be working with local-level public and private sector organizations, to support their shelter delivery program, including shelter credit mechanisms.

In FY 1998, SO6 will also continue to work with NGOs that promote community-based, alternative-lending, housing delivery models geared to meet the special needs of women-headed households in the lowest income brackets. For example, Cooperative Housing Foundation (CHF), a U.S. PVO which operates in the Eastern Cape, established a model housing cooperative composed of 80 percent women, set up a rotating fund to provide bridging finance to its members, and constructed 50 houses utilizing an innovative, steel-frame building technology and featuring self-

In two years, the Mortgage Indemnity Fund assessed 750 areas red-lined by the banks, provided coverage for 524, and provided guaranties for 250,000 housing units, thereby succeeding in getting the banks to reopen operations in these areas.

In FY 1997, People's Dialogue reported doubling the number of savings clubs created by its members to over 1,000, completing 1,000 houses, and issuing 46,000 small loans (versus 27,000 in FY 1996).

help techniques. Three other communities requested CHF's aid in setting up a comparable system, and 800 houses are now planned for FY 1998. Another such entity is People's Dialogue/Homeless People's Federation (PD/HPF) which continues to be the most dynamic institution of its kind, creating neighborhood-based savings clubs in which 90 percent of the members are female heads of households. Both CHF and PD/HPF have established linkages with Social Housing Foundation and the People's Housing Partnership Trust (mentioned above), and are planning joint activities in FY 1998 with SO6 support.

SO6 devoted a significant amount of time to its project preparation trusts, the organizations that make small loans for the preparation of housing and infrastructure projects. With limited assistance, Kwa-Zulu Natal Trust (KZN-PPT), the stellar performer in FY 1996, surpassed its performance in FY 1997, leveraging over R29,186,000 in funding for the projects that it assisted and benefitting over 29,000 households. In contrast, the Libuyele Trust, and the Western Cape Trust (WCCHT), required, and received, on-going SO6 attention. SO6 helped the trusts to rethink their mission, seek advice from the successful KZN-PPT, and structure deals with a small bank and trade union, respectively, that will provide approximately 5,400 loans for low income households.

**c. Municipal
Infrastructure Finance: A New Initiative**

SO6 launched two of its most ambitious shelter finance initiatives in FY 1997, in recognition of the fact that a major impediment to sustainable housing delivery and urban development is the acute shortage and slow pace of delivery of urban environmental infrastructure and services (water, sanitation, electricity, etc.). With a municipal infrastructure deficit estimated at R80 billion, and with limited public sector resources, the critical issue is the identification of viable private financing mechanisms. In 1996, the government, with inputs from the World Bank and USAID, developed a Municipal Infrastructure Investment Framework (MIIF) to address this constraint. The MIIF emphasized the role of the private sector in financing infrastructure provision. SO6's first initiative was a Housing Guaranty (HG) with the Infrastructure Finance Corporation (INCA). This is a newly created, private sector entity that provides debt financing to municipalities for the construction of infrastructure (including waste water, solid waste and electricity). The HG provides a \$5 million loan guaranty to INCA which is expected to leverage over \$10 million in rand denominated loans to municipalities. The second initiative is the creation of a \$4,2 million Municipal Infrastructure Investment Unit (MIIU). This unit is the product of two years of discussions with the Departments of Finance, Constitutional Development, the Development Bank of South Africa and the World Bank. The MIIU will help to implement the government's Framework by providing municipalities with technical assistance in preparing and packaging infrastructure provision projects for private funding, including public-private

In FY 1997 the Housing Consumer Protection Trust assisted over 11,000 clients through its walk-in advice centers, recorded over 21,000 calls on its toll free line and helped clients recover over R260,000 in small deposits and fees from dishonest developers and estate agents.

partnership options. USAID support to the MIIU will include three long-term technical advisors, and funding of an associated Project Preparation Fund. The MIIU should be functional by mid FY 1998.

d. Non-Credit Assistance: A Gradual Decline

Community-based, non-credit forms of assistance remain an essential part of SO6's strategy for increasing access to shelter for the historically disadvantaged population. This is a critical input for insuring the ultimate success of the program. As the banks begin to cater to the needs of those who are formally employed and those who are at the upper end of the low-income population, the need for targeted assistance from NGOs to the very poor has become more apparent. Unfortunately, SO6's resources to assist these organizations have declined. SO6 will, however, continue support to selected NGOs that demonstrate the capacity to deliver to their customers.

The FY 1997 achievements of two SO6 grantees providing non-credit assistance are noteworthy. The first is the Interfaith Community Development Association (ICDA). This NGO increased the number of communities in which it worked in FY 1997 and developed a partnership with another SO6 grantee, People's Dialogue, to organize community-based savings clubs, linked to the acquisition of housing. ICDA, which has close ties with local churches, set up temporary shelter structures for the homeless or dispossessed, secured building sites for communities, intervened with local authorities to facilitate speedy land proclamation and tenuring, lobbied for upgrading, advocated policy reform on landlord/tenant relationships and took actions to refurbish decaying buildings. The Housing Consumer Protection Trust (HCPT), another advocacy group, was also an outstanding performer. In FY 1997, it was the only available source of assistance to thousands of low-income families who needed help in redressing ills done to them by unscrupulous contractors, landlords and lending institutions.

Short-term training, an important form of non-credit assistance, was provided by SO6 grantees to over 3,000 participants during FY 1997. Training ranged from exchange programs with participating U.S. cities for 60 South African Municipal Managers, to in-country management training institute programs for 130 municipal managers, through high-level courses on shelter finance at top U.S. institutions for senior decision-makers in key ministries. The impact of the high-level managerial training, in particular, was directly observable in the policy documents and training manuals on local economic development and public-private partnerships that these participants helped to produce.

e. Urban Environmental Management: Gaining Momentum

SO6's most recent area of involvement is urban environmental management (UEM), a key factor in sustainable development. In FY 1997, the Department of Constitutional Development and the Department of Environmental Affairs (DEAT) signed a Memorandum

of Understanding (MOU), a milestone in inter-governmental collaboration. The MOU, which is funded by an SO6 bilateral agreement, will support two programs. The first is the design of a national Agenda 21 Awareness Campaign for which an RFA has been developed and issued in early FY 1998. Secondly, the University of Cape Town's Urban Environmental Unit has been designated the entity responsible for providing municipalities with technical support in urban environmental management (UEM).

SO6 also is continuing with its two established UEM programs. The first, the Three City Agenda 21 Network, continued to hold tri-annual workshops in FY 1997. It also developed Resource Cities Exchange Programs with U.S. cities focused on community involvement in solid waste management programs. The second, the Wildlife and Environment Society of South Africa (WESSA), is also promoting Local Agenda 21 education for local officials, including publishing an accompanying resource guide. It is also creating environmental support groups, student clubs and centers in the townships.

2. Prospects for Future Progress and Actions to Address Performance Issues

a. Expected Progress through FY 2000

Strategic Objective 6 proposes to increase access to shelter, as opposed to providing shelter, for its target group. This target is achievable within the 2003 timeframe. Improving the policy environment, (IR6.1) has been largely attained. SO6 also expects to make a significant contribution to improving environmental management capacity for local authorities (IR6.4) by 2003. Specifically, SO6 expects to expand national environmental awareness, and establish programs in specified key communities by this date.

The effective provision of credit (IR6.2) and non-credit assistance (IR6.3) to the historically disadvantaged population are more intractable issues, and although a great deal of progress will have been made by 2003, they will not be resolved. Credit and non-credit assistance require multi-sectoral and inter-departmental cooperation, and SO6 helps to "fill in the gaps" and facilitate progress in both the public and private sectors. The Housing Guaranty program, which encourages the banks to serve down-market clients, the promotion of non-traditional lenders with the NHFC, the support of effective community-based NGOs, and the commissioning of critical studies are examples of this approach and of what SO6 expects to accomplish in these areas. SO6 believes, therefore, that these IRs are on track.

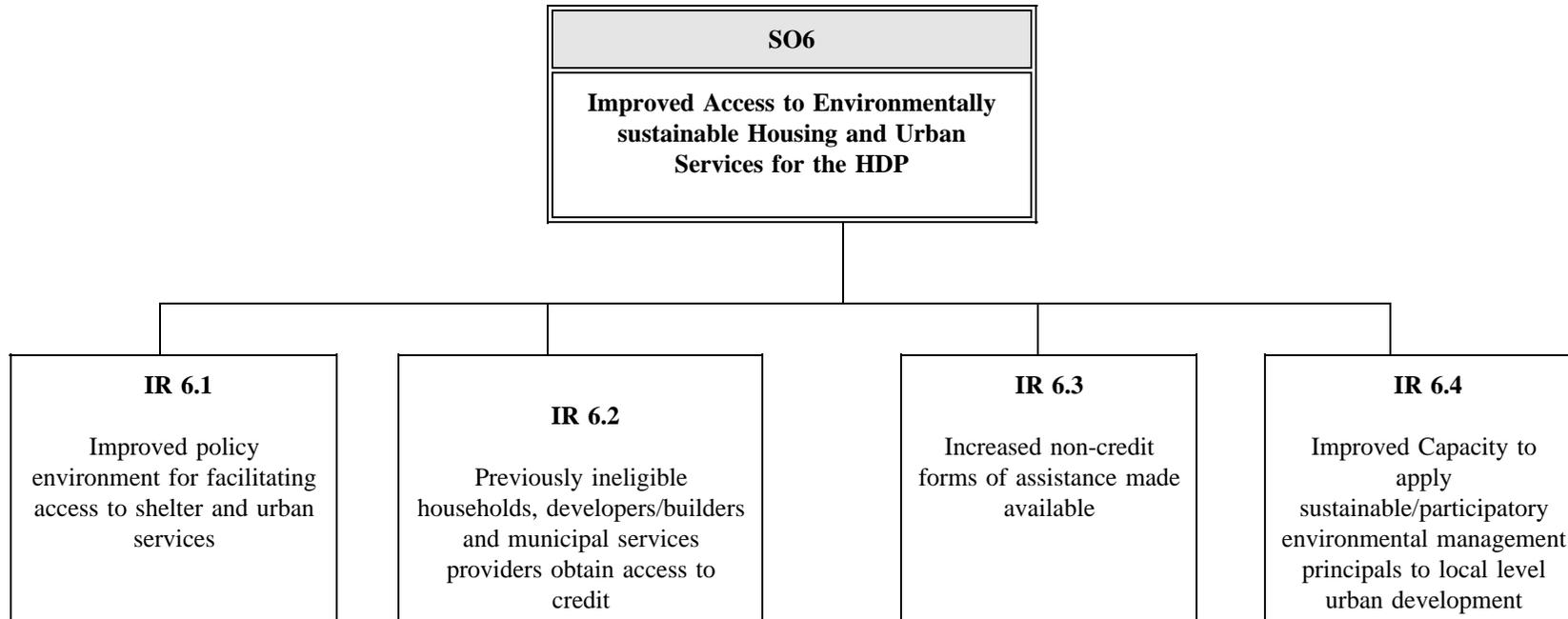
b. Management Actions

The universe of SO6 activities has declined by eight grants during FY 1997 and will decline by 13 more in FY 1998. By FY 1999, SO6 is expected to have 23 management units, down from 54 in FY 1996. This overall reduction in management units is in keeping with the small size of SO6's staff and the decision not to initiate an umbrella-type grants management activity. In FY 1998, SO6 will become involved in the GCC program with the designation of

South Africa as a key country. The addition of the GCC initiative represents a significant expansion of the program and will require hiring a PSC and secretary to service these activities: however, managerially, the SO6 and GCC programs mesh well.

3. Performance Data Tables

Figure 6: SO6 Results Framework



Strategic Objective 6: Improved Access to Environmentally Sustainable Housing and Urban Services for the HDP

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 6: Improved access to environmentally sustainable housing and urban services for the HDP.

INDICATOR: Total rand value of funds (including amounts leveraged) made available for shelter and urban services for the HDP due to USAID partner intervention.

UNIT OF MEASURE: Rand amount	YEAR	PLANNED	ACTUAL
SOURCE: RSA, Bank, and CSO reports.	1992	0	
INDICATOR DESCRIPTION:	1996	R0.9 bil.	R0.99 bil.
COMMENTS:	1997	R1.56 bil.	R1.60 bil.
1. Figures provided are cumulative and in billions of rands.	1998	R2.0 bil.	
2. Figures include government institutions, private sector firms, financial institutions and CSOs which have received USAID support. Non-USAID partners are not included at this level.	1999	R2.5 bil.	
3. 1997 figures include inputs from the National Housing Finance Corporation, and 1998 and 1999 figures will include inputs from the People's Housing Partnership Trust and the most recent Housing Guaranty loan "INCA".	2000	TBD	
4. Figures from the NHFC and the PHPT are reported upon at the SO level because SO6 has grant agreements and/or technical assistance arrangements with these organizations.			
5. Figures do not include the rand value of the total number of subsidies issued by the government at the SO level in order to limit double counting, given that many of the SO6 partners are reporting on the number of customers that they assist to obtain government subsidies.			

Strategic Objective 6: Improved Access to Environmentally Sustainable Housing and Urban Services for the HDP

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 6: Improved access to environmentally sustainable housing and urban services for the HDP.

INDICATOR: Total number of HDP households with improved access to full or partial shelter units and urban services through USAID partner intervention.

UNIT OF MEASURE: Rand amount	YEAR	PLANNED	ACTUAL
SOURCE: RSA, Bank, and CSO reports.	1992	0	
INDICATOR DESCRIPTION:	1996	500,000	552,000
COMMENTS:	1997	650,000	735,000
1. Figures provided are cumulative.	1998	800,000	
2. Figures include government institutions, private sector firms, financial institutions and CSOs which have received USAID support. Non USAID partners are not included at this level.	1999	900,000	
3. As in the previous table, 1997 figures include contributions from the National Housing Finance Corporation (NHFC). Projections from 1998 include anticipated contributions from the People's Housing Partnership Trust. These figures are reported upon at the SO level because SO6 has grant agreements or technical assistance arrangements with these organizations.	2000	TBD	
4. These figures do not include the total number of households provided with government subsidies in order to limit double counting, given that many of the SO6 partners are reporting on the number of customers that they assist to obtain government subsidies.			

Strategic Objective 6: Improved Access to Environmentally Sustainable Housing and Urban Services for the HDP

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 6.1: Improved policy environment for facilitating access to shelter and urban services.

INDICATOR: Degree to which the policy framework addresses identified constraints to the provision of housing and urban services for the HDP.

UNIT OF MEASURE: Assigned number on policy matrix.

SOURCE: Independent assessment team

INDICATOR DESCRIPTION: The indicator is the number which is derived from a policy matrix. The matrix permits the assignment of a number that reflects the degree to which the South African Government has succeeded in designing, promulgating and implementing policies that deal with the constraints on the delivery of (a) housing and of (b) urban environmental services to the HDP.

COMMENTS:

1. A draft matrix for municipal service provision (linked to municipal financial autonomy and financial management capacity) exists and provisional scores have been provided for South African municipalities. A team is currently in the process of verifying and refining the scores.
2. A comparable matrix is being developed for housing policies and scores are being assigned.
3. SO6 plans to provide definitive scores in FY 1998 along with the completed matrices.
4. This indicator will be reported upon on every two years.

YEAR	PLANNED	ACTUAL
1994		
1997	TBD	TBD
1999	TBD	TBD
2001		

Strategic Objective 6: Improved Access to Environmentally Sustainable Housing and Urban Services for the HDP

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 6.1: Improved policy environment for facilitating access to shelter and urban services.

INDICATOR: Implementation of policy frameworks as assessed by items measured below.

UNIT OF MEASURE:

- a. # of subsidies issued by the Department of Housing (DOH).
- b. # of areas provided with cover against risk of non-payment by the Mortgage Indemnity Fund (MIF).
- c. # of builders registered under the National Home Builders Warranty Scheme (NHBRC).
- d. Rand value of credit made available to retail credit institutions by the National Housing Finance Corporation (NHFC)

SOURCE: Periodic reports from the DOH, MIF, NHBRC, and NHFC

INDICATOR DESCRIPTION: Indicator counts totals specified above.

COMMENTS:

1. A distinction needs to be made between subsidies (or grants) authorized and subsidies issued. The chart reflects the number of subsidies issued, which is less than half of the subsidies authorized by the government, but a more accurate reflection of the number of houses actually delivered by the government to date. (The value of subsidies issued to date is R2.5 billion. SO6 is not taking credit for the subsidies issued by the government. The indicator is rather included as a measure of effective policy implementation).

2. The MIF has estimated that 1,000 "red-lined" areas could potentially be covered by its guaranty. It has assessed 750 areas and concluded that only 524 were in need of coverage. The MIF will end operations in mid-FY 1998. It will, therefore, not be reported upon after FY 1998.

3. The National Housing Finance Corporation, which is expected to be a permanent part of the shelter delivery system, is now operational. It focuses upon the provision of wholesale funds to retail providers of housing finance. This indicator will be reported upon through the end of the program.

4. The People's Housing Partnership Trust is expected to come on-line in FY 1998.

YEAR	PLANNED	ACTUAL
1993	0	0
1996	a. 100,000 b. 500 c. 1,500	a. 78,097 b. 550 c. 2,000.
1997	a. 200,000 b. 600 c. 3,000 d. R100 mil.	a.198,000 b. 524 * c.. 4,500 d. R115 mil.
1998	a. 350,000 b. 550 c. 5,000 d. R200 mil.	
1999	a. 500,000 b. - c. 6,000 d. R300 mil.	

Strategic Objective 6: Improved Access to Environmentally Sustainable Housing and Urban Services for the HDP

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 6.2: Previously ineligible households, developers/builders and municipal service providers obtain access to credit.

INDICATOR: Rand value of credit obtained by HDP households, developers/builders and service providers for HDP shelter and urban services.

UNIT OF MEASURE: RSA Rand (Million)

SOURCE: Reports from USAID/SA clients

INDICATOR DESCRIPTION: Indicator counts total Rand provided (including funds leveraged) to HDP households, developers/builders and service providers for shelter related activities through USAID partner intervention

COMMENTS:

1. Figures are cumulative and in millions or billions of rand.
2. The major contributor to these figures are the banks that have received Housing Guaranty (HG) loans, some of the larger non-traditional lenders (i.e. Cash Bank and SACCOL) and the three project preparation trusts that have USAID grants.

YEAR	PLANNED	ACTUAL
1992	0	0
1996	300 mil.	995.670 mil.
1997	700 mil.	1.482 bil.
1998	1.70 bil.	
1999	1.90 bil.	
2000	TBD	

Strategic Objective 6: Improved Access to Environmentally Sustainable Housing and Urban Services for the HDP

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 6.2: Previously ineligible households, developers/builders and municipal service providers obtain access to credit

INDICATOR: Number of HDP households assisted to obtain shelter and urban services through the provision of credit to emerging developers, builders, service providers as well as the households themselves.

UNIT OF MEASURE: HDP households

SOURCE: Reports from USAID/SA clients

INDICATOR DESCRIPTION: Indicator looks at the number of HDP households assisted with obtaining shelter through the provision of credit to emerging developers/builders, service providers as well as the households themselves, by USAID partners.

COMMENTS:

Figures provided are cumulative. The major contributors for this indicator are the Housing Guaranty Loans, non-traditional lenders and Project Preparation Trust.

YEAR	PLANNED	ACTUAL
1993	0	0
1996	80,000	149,086
1997	180,000	271,861
1998	350,000	
1999	450,000	
2000	TBD	

Strategic Objective 6:: Improved Access to Environmentally Sustainable Housing and Urban Services for the HDP

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 6.3: Increased non-credit forms of assistance made available to the HDP

INDICATOR: Number of HDP households that receive shelter-related services through USAID partner intervention

UNIT OF MEASURE: HDP households	YEAR	PLANNED	ACTUAL
SOURCE: Reports from USAID/SA clients	1995	0	0
INDICATOR DESCRIPTION: Indicator looks at households that are serviced on shelter/related matters	1996	110,000	130,890
COMMENTS:	1997	190,000	344,810
1. The figures provided are cumulative.	1998	425,000	
2. Shelter related services provided by NGOs cover a fairly wide gamut of interventions, including organizing and mobilizing communities around housing issues, establish savings clubs for housing, preparing housing and urban service projects for funding, obtaining land and subsidies, obtaining construction materials, actual "self-help" construction training etc. In all instances, however, they make a concrete contribution to the final acquisition of shelter or services by the beneficiary.	1999	455,000	
3. As noted previously, the number of USAID grantees in the area of non-credit assistance continues to decline as grants come to an end. In consequence, the rate of increase for this indicator is expected to decrease over the next two reporting periods.	2000	TBD	

Strategic Objective 6: Improved Access to Environmentally Sustainable Housing and Urban Services for the HDP

APPROVED: 05/22/1997

COUNTRY/ORGANIZATION: South Africa

RESULT NAME 6.4: Improved capacity to apply sustainable participatory environmental management principles to local-level urban development.

INDICATOR: Number of low-income communities in which sustainable environmental management practices are being applied.

UNIT OF MEASURE: Communities	YEAR	PLANNED	ACTUAL
SOURCE: Reports of USAID Agenda 21 partner cities, the Department of Environmental Affairs and Tourism and grantees.	1994	0	
INDICATOR DESCRIPTION:	1996	3	3
COMMENTS:	1997	5	6
1. Figures provided are cumulative.	1998	8	
2. This indicator only reports on communities where programs have been set up by local authorities working within Agenda 21 guidelines. It does not count the numerous other SO6 assisted interventions linked to urban environmental program support such as the creation of environmental clubs, workshops, neighborhood centers, publications etc.	1999	15	

4. Environmental Compliance

Concerning SO6, Increased Access to Environmentally Sustainable Housing and Urban Services for the Historically Disadvantaged Population, two activity-specific IEEs under SUDS and Reg. 216 documentation for three HG programs will be incorporated by cross-reference into an SO-level IEE currently in draft to update the 1992 SUDA IEE. SO6 has an IR/RP to improve capacity for applying sustainable/participatory environmental management principles to local-level development. Activities being initiated include a National Level Agenda 21 Awareness Campaign and an Urban Environmental Training and Resources Center. The Agency's Global Climate Change Initiative in RSA will be implemented under this SO.

PART III: STATUS OF THE MANAGEMENT CONTRACT

USAID/SOUTH AFRICA MANAGEMENT CONTRACT

SO1: Democratic Institutions Strengthened through Civil Society Participation

SO2: Transformed Education System based on Equity of Access and Quality

SO3: More Equitable, Unified and Sustainable System Delivering Integrated Primary Health Care Services to all South Africans

SO4: Improved Capacity of Key Government and Non-government Entities to Formulate, Evaluate and Implement Economic Policies

SO5: Increased Access to Financial Markets for the Historically Disadvantaged Population

SO6: Increased Access to Environmentally Sustainable Housing and Urban Services for the Historically Disadvantaged Population

USAID/South Africa's Management Contract has not changed in FY 1997. However, as mentioned in the Overview of this document, changes in the development context, lessons learned and evaluative findings, have led the Mission to revise two key objective areas - DG and Education. Below is a short synopsis of the rationale for those changes, they are illustrated in the results frameworks in Part II of this document.

A. Democratic Institutions Strengthened Through Civil Society Participation

To maximize the impact of progressively declining resources, to follow through with a recommendation from the Mission-commissioned DG sector assessment, and to better gauge impact of our partners' shift toward supporting local governance, we are consolidating our Results Framework from the current six to three intermediate results. We will focus efforts on the areas of (1) strengthened rule of law and respect for human rights; (2) effective, democratic and peaceful local governance; and (3) mechanisms in place to sustain civil society participation in democratic processes.

Taken together, our justice and rights activities will help to deepen the rule of law in South

Africa. We will concentrate justice efforts within the context of the Department of Justice's *Justice 2000*, which is focused on giving every person fair and equal access to justice and guarantying the dignity, rights and security of all South Africans. The Mission's plans include: (1) completing the major remaining pieces of the rights legal framework, including but not limited to the civil rights and employment equity bills; (2) strengthening the court system; (3) making the justice system more representative of the majority population; and (4) establishing alternative dispute resolution mechanisms in local governments. We will work with our Ministry of Justice partners to better concentrate our resources on the areas which we desire to impact; to increase expenditures rates and reduce a relatively high pipeline; and find a cost-effective, simple way of measuring increased access to justice.

Simultaneously, rights efforts through South African NGOs will continue at least through 2002 and will increase rights awareness and practice especially in marginalized rural

populations and among women. As projected in performance data tables, we expect dramatic growth in awareness and practice, with the eventual consolidation of a rights culture in South Africa likely to occur after the completion of the USAID program.

As the current portfolio of diverse local governance-related grants expires, we plan to award a new set of grants to partners that can focus an integrated and mutually reinforcing set of activities on strengthening the linkages between citizens and the state at the local level.

Operationally, this will mean building the capacity of citizens, local councilors, and civil servants to peacefully and democratically engage each other in identifying local needs, raising revenue to address them, managing that revenue transparently and accountably, and ultimately effectively delivering the services historically denied to the majority population. First and foremost, this will allow us to maximize impact on strengthening the social contract between state and citizen where they are closest, at the local level. This will help increase program contribution to the Mission's longer term goal of democratic consolidation. Additionally, program consolidation will: facilitate choices about how best to deploy scarce resources; lead to better results measurement; and make reporting more meaningful. We expect to begin implementing an integrated, mutually reinforcing set of local governance activities in targeted geographical areas in FY 1999 and reporting significant results in FY 2000.

**DEMOCRATIC INSTITUTIONS
STRENGTHENED THROUGH CIVIL
SOCIETY PARTICIPATION**

- 1.1 Strengthened rule of law and respect for human rights.
- 1.2 Local governance is participatory peaceful and responsive to citizen-identified needs.
- 1.3 Mechanisms in place to sustain civil society participation in the democratic process.

Our support for civil society will continue with a shift toward sustaining CSO participation in the democratic process. We feel that such an approach is a natural next step given its importance to democratic consolidation as well as our efforts at supporting civil society to date. We anticipate undertaking a design effort to define the plan for this result and expect to conclude this effort by the end of the FY 1998. We will closely consult with RSA government officials in the development of this result.

Finally, we have identified important synergies between these three result areas, especially as they relate to local governance. Our justice interventions may support alternative dispute resolution efforts which are most appropriately focused at the local level. Similarly, civil society participation efforts, especially in FY 1998, are expected to assist citizens to engage in productive dialogue with government at all levels. Additionally, our democracy and rights education efforts can be made even more effective to the extent they are linked to real-life, statutorily mandated democratic processes at the local level, including local development planning, citizen oversight of local government, and local elections.

B. Transformed Education System based on Equity of Access and Quality

A large and destructive "learning gap" between black and white South Africans is the direct result of a system designed to deny blacks access to quality education. Disparities in physical resources and management capacity result in white students at the primary level performing, on average, three grade levels above their black peers in reading and writing, with an even larger gap in science and mathematics. Although the learning gap

TRANSFORMED EDUCATION SYSTEM BASED ON EQUITY OF ACCESS AND QUALITY	
2.1	Equitable Access of Blacks to Quality Primary Education
2.2	Increased Opportunity for Blacks in Further Education
2.3	Improved Quality of Higher Education in Select Institutions
2.4	Increased Access to Market-Oriented Training
2.5	Increased Opportunities for Black Africans in Adult Basic Education and Training

has its roots in primary school, it grows as students progress through the system with only 40 percent of blacks passing high school, compared with 90 percent of white children, and less than 15 percent of black students entering university graduating on time.

Reducing this gap is what transformation is about and it requires urgent simultaneous action at all levels of the education system -- one of the factors that complicates and slows progress. Narrowing the learning gap is the key to resolving some of South Africa's most compelling and volatile social needs, such as increasing black economic empowerment, affirmative action, and increasing the competitiveness of South Africa's economy.

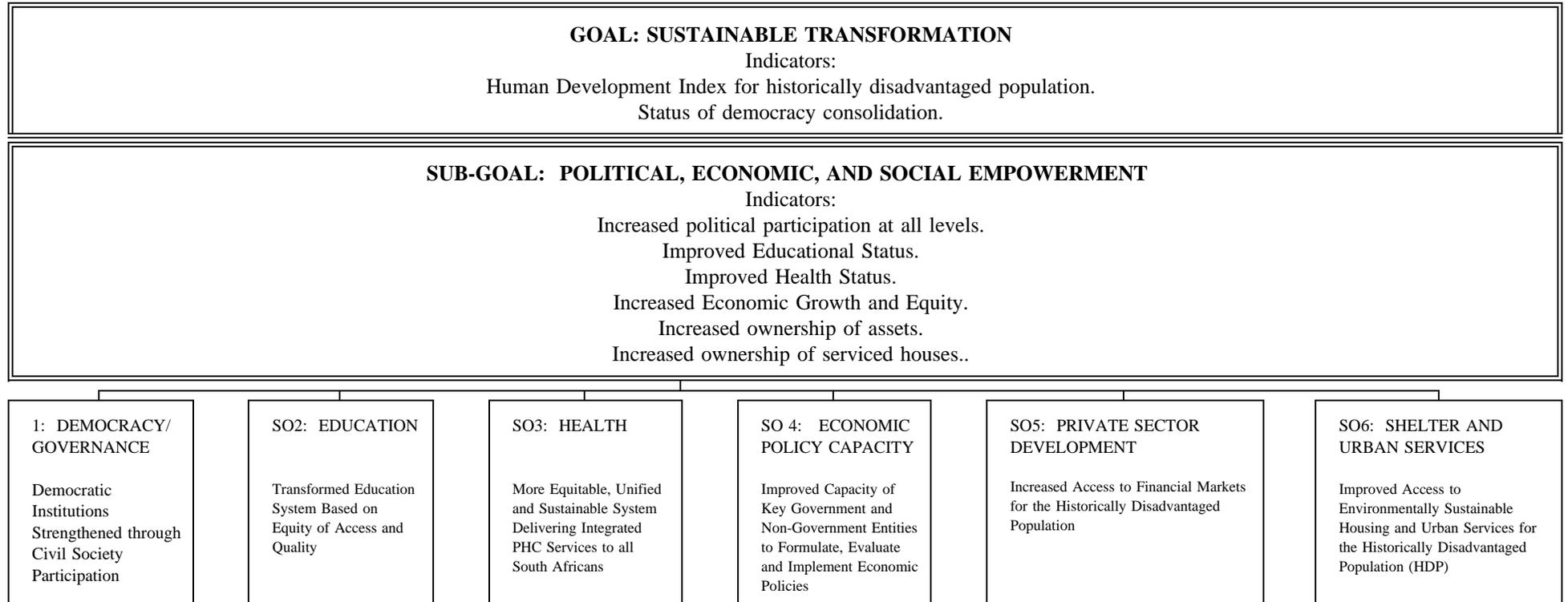
USAID adjusted its program in 1997 to better articulate its intended results to address the SO's core issue of equity and to emphasize student-level impact. These adjustments are reflected in a revised performance monitoring plan which articulates clear results for each of the subsectors in which USAID is involved - primary, further, higher, market-oriented skills, and adult basic education and training (ABET). In addition to clarifying the results that USAID hopes to achieve, the revised plan provides a more useful management tool by aligning results with management responsibilities. Indicators in the revised plan

correspond with the Africa Bureau's recently released Basic Education Framework and the Agency's new education goal.

Two major changes have resulted. The first is in breaking ABET out as its own result and the addition of an intermediate result in market-oriented skills. Because ABET programs are managed independently of primary education both in USAID and in the Department of Education and programs are implemented by a different set of partners, it is managerially easier to track the results apart from further education. In addition, the target population and interventions used to reach them are quite different. The second change, the addition of a result in market-oriented training, is intended to capture our important and substantial investments in the area of workforce development, acknowledge the Mission's continuing involvement in bursary programs (no new funding in this area is anticipated but the pipeline will continue to produce results for several years) and respond to the

continued high levels of unemployment in South Africa. Although further design is required, it is envisioned that short-term training will be provided to bridge formal education and market demands in job specific areas. These changes allow USAID to better target resources towards achieving tangible improvements in access and quality for the majority of South Africans through the remainder of the strategy period. The SO2 Progress Toward Objectives narrative reports on results in these two additional areas and their Performance Data Tables include appropriate indicators.

**Figure 7:
USAID/South Africa
STRATEGIC OBJECTIVES AND RESULTS FRAMEWORK**



USAID/SOUTH AFRICA
FY 2000 RESOURCE REQUEST

April 1, 1998

PART IV: RESOURCE REQUEST

A. Program Request

USAID/South Africa's program request to achieve the objectives set forth in the Management Contract is as follows:

Table 3: Financial Plan

	\$ Millions		
	FY 1998	FY 1999	FY 2000
Development Assistance	\$73.6	\$58.4	\$47.0
SO1, Democracy/Governance	16.8 ¹	17.8 ²	15.4
SO2, Education ³	16.4	11.0	10.0
SO3, Health	11.6	10.1	4.4 ⁴
SO4, Economic Capacity	4.0	4.5	3.5
SO5, Private Sector ²¹	6.0	3.5	2.0
SO6, Housing ²²	6.5	9.2	5.0
Self-Help Program	0.5	0.5	0.5
Program Support	1.8	1.8	1.2
SAEDF	10.0	0	5.0
Housing Guarantee	0	\$25.0	0
Small Bus. Loan Guarantee	\$4.0	0	0
Total (DA Control)	\$77.6 (70.6)	\$83.4 (50.5)	\$47.0 (40.1)

¹Includes \$1 million in reob authority

²Mission is requesting restoration of CSP planning level for SO1.

³The FY 1998 budget includes a request for \$2.0 million for Desmond Tutu Trust. In FY 1999 Mission is requesting restoration of CSP planning level for SO2.

⁴Final year of funding for SO 3.

²¹In FY 1998, \$1.0 million from PRIME and \$0.4 million from ATRIP have been approved. In FY 1999 and 2000, funding is additional to Mission's CSP. In addition, Mission requests \$3.5 million in FY 1999, from ATRIP.

²²Includes \$2 million in FY 1998 and \$3 million in Fy 1999 for GCC. Mission requests an additional \$5.0 million in Fy 1999 and \$5.0 million in FY 1999.

1. Request for Additional Resources

USAID/South Africa's program request includes additional funds in **FY 1998** to meet the recent request made by Archbishop Tutu. The Mission has requested \$2.0 million for the Desmond Tutu Trust from the Bureau since this amount is not available out of the Mission's current budget. The funds would be used to help place the organization on sustainable footing so that it can continue to serve the disadvantaged majority as a prominent scholarship organization. It is anticipated that, through institutional strengthening and strategic planning, the organization can be made independent. In addition, USAID/South Africa requests re-obligation authority to use \$1.0 million for possible election assistance should the need arise in FY 1998. The Mission has already de-obligated funds required for the BNC and plans to de-obligate additional funds as the year progresses and close out activities proceed.

During the **FY 1999** BBS exercise USAID's program was cut by about \$4.0 million. We are requesting the restoration of those funds and provide the following justification:

Mission requests restoration of \$1.3 million in DG or EG funding. SO1 has been and continues to be a top performer in an extremely difficult and fluid environment. 1999 will be a national election year. For the 1994 national elections, USAID spent \$30 million on voter education and technical assistance. Although we do not expect that this magnitude of funding will be required in 1999, it is becoming clear that assistance to the Independent Elections Council (IEC) will be needed, and we anticipate a request for technical assistance. The Mission is also receiving proposals for voter education programs from NGOs, even though, in previous planning with our partners, it was not anticipated that assistance would be needed. Restored levels are required to support elections without damaging the rest of the DG program. Although SO1 has consolidated its program there is very little maneuvering room left. It is patently clear from all sectors that assistance at the local level is increasingly critical. The governance issues that affect local governments have an impact on all development programs. We know there will be a call for assistance for elections. Only with full funding will the Mission be able to meet those requests and still stay on track in its support for on-going issues such as local government strengthening.

The Mission also requests that SO2 be restored to its full level of \$11 million. This SO encompasses primary through tertiary education. Primary education is forward funded. However, with growing earmarks, tertiary and further education programs have suffered. Funds earmarked for Basic Education must not exceed 50% of the SO2 budget or our programs in tertiary and further education will be seriously jeopardized. Abandoning education programs for South African youth in an effort to absorb cuts of EG funds would be a costly mistake. The youth bore much of the brunt of the struggle against apartheid and were also deprived of quality education opportunities. Not only are their needs compelling and urgent, but education and training offers the most cost-effective means to gain their productive participation in society. Economic growth and social stability depend on creating opportunities for the youth to gain and apply new skills. Unmet demand and poor quality are much bigger issues in further and higher education than at the primary level. Recognition of these facts has made youth and higher education programs, such as the TELP project, political priorities, not only in South Africa, but also among knowledgeable U.S. observers. Cutting

the funding for these programs would make it impossible for the Mission to honor its commitments to our South African counterparts and our management contract.

The Mission is requesting additional funding over and above the levels anticipated in the Country Strategic Plan for SO5 - Increased Access to Financial Markets for the Historically Disadvantaged Population and for SO6 - Increased Access to Environmentally Sustainable Housing and Urban Services for the Historically Disadvantaged Population.

SO 5. Our request for SO5 funding is due to developments in the U.S. and in South Africa. Fostering a market-based, equitable economy which is among the highest priorities of the U.S. Mission. The USAID program has demonstrated its capacity to increase historically disadvantaged entrepreneurs' access to capital. The Mission program has achieved significant momentum, and given the impending policy changes in micro-finance, trade and privatization, even greater impact can be anticipated.

The U.S. administration is currently launching a trade and investment initiative for Africa -- South Africa could be key to significant results. South Africa is desperately trying to reenter the world economy after years of isolation under apartheid. In addition, in order for the economy to grow at a fast enough rate to meet national demands for employment and rising living standards, new investment is critical. However, this will not be enough. The issue of equitable distribution of income and wealth is still central to economic growth. USAID programs have served to link markets with disadvantaged entrepreneurs and vice versa.

A large percentage of the population still lacks access to micro and small enterprise programs. An extension of relatively mature USAID programs would have a high level of impact. The Mission is, therefore, requesting that additional bilateral resources of \$3.5 million be made available in FY 1999 and \$2.0 million in FY 2000. In addition, \$3.5 million in ATRIP funds will be requested in FY 1999 (\$3.0 million for TA for policy reform to support the development of a wholesale framework for privatization and restructuring in South Africa; \$0.5 million for U.S. - South African business partnerships.). The revised completion date for this SO would be 2003. South Africa has the best opportunity in Sub-Saharan Africa to promote Africa - American partnerships and increase trade and investment. It is important to note that USAID is the only donor assisting the government and private sector in the privatization arena. Other donors programs will be phasing out shortly and those who remain are placing priority on targeting their own country's bilateral trade relationships with South Africa.

The direct impact associated with these funds would be:

- An increase in the number of microenterprises accessing loans through USAID-supported programs by approximately 7,000 per annum, the number of loans by 10,000 per annum and the value of loans made to microenterprises by \$5 million per annum.

- The number of small and medium enterprises accessing financing through USAID-supported programs would increase by a minimum of 25 enterprises and the value of loans

and equity made available to these enterprises through USAID-supported programs would grow by a minimum of \$35 million per year.

- Improvements in the policy environment to facilitate access to capital for historically disadvantaged enterprises are anticipated in the privatization arena as well as in the areas of trade policy, financial policy and intellectual property rights impacting small business growth and viability.

SO 6. Housing remains a critical deliverable for the Government and USAID continues to play a significant role in support of these efforts. Since the 1994 election the Government has created an array of programs in support of housing delivery. These include the National Housing Finance Corporation to facilitate the flow of capital to nontraditional lenders, the Mortgage Indemnity Fund to encourage and support private investment in low income communities, the National Urban Reconstruction and Development Agency to support emerging developers and contractors, and a national subsidy scheme to provide financial support for housing to the lowest end of the economic scale. In nearly every instance, USAID has been a key supporter in the development and implementation of these RSA efforts.

USAID has also worked closely with the private sector to facilitate their participation in the delivery of shelter and related municipal infrastructure. The Mission's significant loan program, totalling nearly \$175 million in US private sector resources, will ultimately leverage over \$460 million worth of investment in housing, water, wastewater, and solid waste services for low income households throughout South Africa.

Yet despite these very significant achievements, much remains to be done. The Government recently announced that it would not realize its goal of building one million new homes by the 1999 elections. Nevertheless, housing and infrastructure remain a top priority and the RSA has continued to request support from USAID. Recent requests in the sector have centered on mechanisms to increase private investment in low income neighborhoods through legislation in line with the US Community Reinvestment Act, assistance in creating a regulatory environment to oversee private equity investments in municipal infrastructure, training for newly elected and empowered municipal officials and civil servants, and the creation of a secondary mortgage and secondary municipal bond market. A further indication of our close collaboration is the RSA's recent request to make the Housing Working Group a full committee within the Binational Commission.

The Mission's request for additional funding in SO6 is based upon significant achievements and an environment which bodes well for substantially increasing our impact in this critical area. Therefore, in light of these considerations and in consultation with our major partners in the sector, USAID/South Africa has decided to formally request an additional \$10 million in grant resources for SO6. More specifically, the Mission seeks an additional \$5 million in FY 2000 and FY 2001 with a corresponding alteration in the closeout of this program from FY 2001 to FY 2003. It should be noted that this SO has in the past absorbed soundly utilized environmental earmark funds and would continue to do so. In fact, the SO would be able to use earmarked funds for the entire request.

The additional resources will be utilized to focus on the key areas mentioned above. This will be achieved through the use of Development Credit Authority for the private sector and technical assistance and training for central and local government officials. Upon confirmation of the increase in financial resources, the Mission proposes to undertake a design effort, in collaboration with the Government and private sector, to examine mechanisms to best address their concerns. The delivery of key services, including housing, water, wastewater, and energy, will be the major thrust of this design. Synergy with existing Mission programs in support of democratization, micro-credit and the delivery of sustainable health services will also be examined.

2. Earmark Considerations

USAID/South Africa continues to be able to accept a substantial amount of its budget in earmarked/targeted funding. It is important that the allocation of these funds be balanced however. For example, SO2 can continue to utilize basic education funding but only at a rate of 50 percent of their total budget. It is critical that this SO continue to receive E/G resources to fund commitments in higher education. Continued availability of HIV/AIDS resources is also critical. The Mission, at Washington's request, has expanded its efforts in HIV/AIDS. It is now important that we continue to receive \$2.0 million annually through 2000 to finance this activity. The Mission continues to be able to utilize environmental funding with great success. The requested extension of SO6 for \$10 million over 2 years could be entirely environmental funding (this activity could also utilize DG or Child Survival funding for local government and water respectively.)

3. Pipeline Analysis

USAID/South Africa's pipeline of \$262 million as of end FY 1997 is admittedly larger than the 18 months allowed by Agency guidance. However, expired grants total about \$5.6 million of this pipeline. In addition, 29 percent of the amount was obligated in FY 1997, and 36 percent in FY 1996. The Mission is using a SWAT Team approach to close-out and de-obligate all old grants and expects continued significant progress during the current fiscal year. The mission's pipeline burn-rate is \$77.5 million per annum. In addition, agreements with the government totalling some \$100 million have not been quick to take off. Extensive discussions with line ministries as well as the Ministry of Finance are having some impact and should facilitate acceleration of disbursements under these agreements. SO3's pipeline of \$34 million should begin to move now that implementation mechanisms are in place. The two largest pipelines, those for SO1 and 2, are explained in detail:

SO1's pipeline is approximately \$53.6 million. Of that amount, \$32.1 million is in on-going grant activities and contracts, \$8.1 million in the Administration of Justice Bilateral agreement, \$3.3 million in HIV/AIDS activities, and \$10.1 million in completed activities that are being closed and de-obligated. The original HIV/AIDS program in South Africa was funded by the COLD project as community-based initiatives during apartheid. The annual expenditure rate in the DG portfolio has been over \$20 million the past few years. At this rate, there will be a net decrease in the pipeline for current activities in subsequent years.

SO2's pipeline is substantial at over \$100 million. However, about half of this amount is in the STEP Project, which has funded about \$75 million in scholarships and is required to fund up-front the full cost of every participant in the pipeline. Most of the remainder, approximately \$38 million, has been committed through two basic education and one youth development bilateral agreements. Implementation under these Bilateral Agreements has been delayed for more than two years and has just begun in earnest as the designs of the activities are being tightened up collaboratively with the DOE. The participant training pipeline will diminish on schedule as students complete their education.

B. Prioritization of Objectives

USAID/South Africa views all of its strategic objectives as key components leading to sustainable transformation. That being said, we considered several factors as displayed in Table 5. In this table, the Mission has tried to balance factors relevant to performance and national interest (R4 criteria), south Africa specific factors - the BNC, ability to substitute our efforts with regional activities, and funding realities, e.g., earmarks.

Table 4: Prioritization of Objectives

Strategic Objective	Duration of SO	Relevance to the BNC	Cong. Earmarks	Availability of Regional Inputs	Political Sensitivity /National Interest	Performance
1. DG	2005	none	none	low	high	met
2. Education	2005	high	high	none	high	met
3. Health	2002	medium	high	none	high	met
4. Economic	2005	medium	none	none	medium	exceeded
5. Private Sector	2001	medium	none	low	medium	exceeded
6. Shelter	2003	high	high	none	high	exceeded

Mission consideration of the above has resulted in the following order of curtailment if this became necessary due to insufficient resources:

- SO4: Complete funding for Mandela Scholars only; no support for government or NGOs; no economic training center
- SO3: No additional activities, e.g. small grants program
- SO1: No additional activities, e.g. local government component
- SO2: Curtailment of HDI support and no further support for workforce development
- SO6: No extension period, e.g. loss of support to municipal/local development and infrastructure
- SO5: No extension period and therefore no support to trade & investment initiatives

C. Linkage with Centrally Funded Mechanisms

Annex 2 presents the Mission's plans for utilizing Global Bureau resources. It should be noted that these are anticipated requests from new funds and that there may be additional requests which use prior year funds. SO5 has been awarded \$1.0 million by Global Bureau's Office of Microenterprise Development to be obligated as part of the Increased Microenterprise to Liquidity (IMALI) project. IMALI is involved in establishing microenterprise credit programs. This will compliment AFR Bureau resources under ATRIP (\$0.4 million) for African-American business partnership in FY 1998 and \$3.5 million in FY 1999. Of the \$3.5 million, \$3.0 million will help develop the framework enabling legislation for privatization in South Africa and the other \$0.5 million would augment resources under the SAIBL project. In addition, SO5 plans a \$286,000 buy-in to the Privatization IQC in FY 1998.

In FY 1998, SO6 transferred \$0.116 million to Global Bureau for the Institute for Liberty and Democracy (ILD) project. Additional transfers of \$100,000 to Environmental Health Project and \$750,000 to International Executive Services Corps, will also be made this fiscal year.

D. Workforce and Operating Expenses

1. Workforce

Table 5: Workforce Ceilings

	USDH	OE Local PSC ²³	All Prog	Total
FY 1998	22	73	46	141
FY 1999	22	73	46	141
FY 2000	20	71	43	134

USAID/South Africa is one of the strongest supporters of the manage-to-budget philosophy and was pleased to see that the new R4 guidance reflected this concept. As we stated in previous documents that we sent into Washington, we are prepared to buy fewer automobiles, recover more furniture and manage with aging copying machines one more year, if we are given the option to hire the number of people we need to get our work done. We find the target number of 20 USDH to be just under what we really need since we believe that two USDH in both the EXO and RCO offices would be ideal. However, we are prepared to substitute with an IDI in the Executive Office and short-term contract employees in the RCO during the periods of heavy workload, particularly during the last quarter of the fiscal year.

Table 3 demonstrates that we have increased our personnel numbers from 1997 in SO6 and in the Controller's Office. We have increased from three to five in SO6 and from 20 to 22 in the Controller's Office. The two (one USPSC and one FSN) additional staff in

²³This number includes one internationally-recruited, OE funded TCN.

SO6 are to support the Global Climate Change initiative which this mission was asked to support. The two additional staff in the Controller's Office will handle Angola's financial management services, for which we have agreed to accept responsibility in response to requests from Angola, Washington and Botswana.

Our personnel numbers in FY 1999 total 141 and in the year 2000, the total is 134. There will be a reduction of five from the SO teams and three from the support offices. Although one would hope to reduce the EXO and Controller functions more dramatically, the number of USDH and off-shore USPSCs which require the most intense EXO servicing will not diminish. The Controller's Office will still have to deal with close-outs and a fairly hefty pipeline, so we do not see that staff significantly reducing until the year 2002. Program and Project Development Office staff will decline by one USDH and one FSN in the year 2000, but we reserve the right to retain the FSN if need be and if budget allows.

Please note that we have reflected the need for one IDI in Health and one IDI in the EXO office for end of FY 1998 through FY 2000. Table 3 reflects the IDIs in the years 1998 and 1999 but not 2000 since they will have graduated by the end of that fiscal year. We have already submitted our requests to Washington.

In the face of constraining personnel limits set by Washington during the current fiscal year, we made extensive use of short-term contractors and, much to our surprise, found them to be an outstanding asset. First, we targeted our needs better and could hire world class experts to produce specific pieces of work that we required during a tight timeframe. Not only were we able to hire the best in the business for short periods of time, but we also did not need to set up expensive Mission support infrastructure (housing, office space, travel, educational allowances, etc.). We encourage other missions to look at this as a creative, efficient and cost-effective method of achieving work objectives.

We have budgeted for any correction to Year 2000 ADP problems which we may encounter, but we think we are pretty well set. We do not intend on taking on any new ICASS services. We take on just the basics now and find this to be cost-effective for this mission. We proved to the IG that it would be four times as expensive, for example, to have the Embassy provide GSO services as what the IG is currently paying here. This represents quite a difference!

2. Operating Expenses

USAID/South Africa acknowledges the requirement to straight-line future OE budgets in FY 1998 dollars, and will comply with this requirement when preparing the FY 2000 R4. Doing so, however, carries an inherent risk, which is that the Mission could be under-budgeted in future years, resulting in a diminished capacity to meet its responsibilities and the creation of a management environment with significant vulnerabilities. The Mission cannot control such factors as inflation or exchange rates, and it can only cut workforce levels and other OE budget line items so much without that risk becoming a reality.

We at USAID/South Africa have done everything in our power to create an efficient, economic operation; we will continue working in that direction. What we cannot do is

guarantee that future OE budget requests, due to adverse economic factors or increased workload demands, will decrease or even remain at the current levels.

Environmental Review Issues and Planned Activities

There are no unresolved issues in the implementation of 22 CFR Part 216 (Reg. 16) for the Mission's programs and activities. The Mission Environmental Officer has reviewed with each SO team the applicability of existing Reg. 216 documentation to the team's activities. Through its Implementation and Strategic Planning Reviews, the Mission has a process to ensure that each SO team a) monitors existing activities in accordance with applicable Reg. 216 documentation for its specific activities and projects; and b) integrates timely environmental review into the decision-making process for new or modified activities so that no irreversible commitment of resources is made before environmental review is completed and the findings considered for design and implementation (ADS 204.5.3). The accompanying table summarizes environmental review requirements anticipated in FY 1998 and FY 1999.

Table 6: Environmental Review Status, Plans and Schedule

ASSISTANCE ACTIVITIES	FY 1997 or previous	FY 1998	FY 1999	Comments
SO1:Democratic Institutions Strengthened through Civil Society Participation	Four IR-level Cat Exs (27saf1-4) and two IR-level IEEs (27saf1a1 and 27saf1-6).	IEE for planned local government activity; likely Cat Ex or Neg Det. Deferral Community on Foundations (27saf1-6), now moot since the activity will not be implemented.	No Reg 216 action planned.	Deferral for courthouse refurbishment resolved by 27saf1a1. iee. IRs under this SO being re-organized to reduce number; memo needed to reference IEEs to reconstituted IRs.
SO2: Transformed Education System based on Equity of Access and Quality	FY 1997 SO-level Cat Ex for all activities (27saf4).	No new activities planned.	No new activities planned.	
SO3: More Equitable, Unified and Sustainable System Delivering Integrated Primary Health Care Services to all South Africans	FY 1995 Cat Ex for TA training under EQUITY. Neg. Det. for STD case mgt.	FY 1998 Cat Ex (28saf2) for CAPACITY (HIV/AIDS/STD) approved 2/98.	No Reg 216 action planned.	Monitor grant activities under EQUITY for continuing Cat Ex status.
SO4: Improved Capacity of Key Government and Non-government Entities to Formulate, Evaluate and Implement Economic Policies	May 1996 Cat Ex (25soafr3)for SEGAMESP.	No new activities planned.	No new activities planned.	
SO5: Increased Access to Financial Markets for the Historically Disadvantaged Population	1987 Cat Ex still in place for Black Private Enterprise Development	Amend 1987 Cat Ex to reflect current funds and PACD.	No Reg 216 action planned.	Incorporate as proactive measure awareness of and capacity building to apply RSA environmental regulations
SO6: Increased Access to Environmentally Sustainable Housing and Urban Services for the Historically Disadvantaged Population	Reg 216 documentation for 1994 PSHG, 1995 BSE HG (21soafr1), 1997 MEI-UEC (27saf3), & Kutlwanong Civic Assoc.(27saf2).	FY 1998 IEE for Gugulethu Civic Assoc. Finalize draft SO6/SUDS IEE (Neg Det with conditions). Dependent on timing, incorporate GCC activity or amend new SO6 IEE with likely Cat Ex or Neg Det.	No Reg 216 action planned.	SO6 incorporates urban environmental objectives and results consistent with Agency strategy; IR 6.4 utilizes RSA environmental capacity.

USAID FY 2000 BUDGET REQUEST BY PROGRAM/COUNTRY

04-Aug-98
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Country/Program:
Scenario: Base Level

S.O. # , Title	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 99	Estimated Total	FY 2000										Est. Expend. FY 00	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.
					Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G				
SO 1: DEMOCRATIC INSTITUTIONS STRENGTHENED THROUGH CIVIL SOCIETY PARTICIPATION																		
DA	Bilateral		42,495	16,200			700							15,500	19,500	116,450	0	2,003
	Field Spt			0														
	Total		42,495	16,200	0	700	0	0	0	0	0	0	0	15,500			0	
SO 2: TRANSFORMED EDUCATION SYSTEM BASED ON EQUITY OF ACCESS AND QUALITY																		
DA/CSD	Bilateral		101,252	10,200	10,000		200								22,802	131,701	0	2,004
	Field Spt			0														
	Total		101,252	10,200	10,000	200	0	0	0	0	0	0	0				0	
SO 3: MORE EQUITABLE, UNIFIED AND SUSTAINABLE SYSTEM DELIVERING INTEGRATED PHC SERVICES TO ALL SOUTH AFRICANS																		
DA/CSD	Bilateral		35,761	4,600			200	1,200	2,200	300	700				10,500	60,000	0	2,000
	Field Spt			0													0	
	Total		35,761	4,600	0	200	1,200	2,200	300	700	0	0	0	0			0	
SO 4: IMPROVED CAPACITY OF KEY GOVERNMENT AND NON-GOVERNMENT ENTITIES TO FORMULATE, EVALUATE AND IMPLEMENT ECONOMIC POLICIES																		
DA	Bilateral		7,806	3,700			3,700								5,725	29,522	0	2,003
	Field Spt			0														
	Total		7,806	3,700	0	3,700	0	0	0	0	0	0	0				0	
SO 5: INCREASED ACCESS TO FINANCIAL MARKETS FOR THE HISTORICALLY DISADVANTAGED POPULATION																		
DA	Bilateral		18,297	7,200			7,200								4,000	26,700	0	1,998
	Field Spt			0														
	Total		18,297	7,200	0	7,200	0	0	0	0	0	0	0				0	
SO 6: INCREASED ACCESS TO ENVIRONMENTALLY SUSTAINABLE HOUSING AND URBAN SERVICES FOR THE HISTORICALLY DISADVANTAGED POPULATION																		
DA	Bilateral		28,157	5,200			200								7,500	39,300	0	2,005
	Field Spt			0														
	Total		28,157	5,200	0	200	0	0	0	0	0	0	0				0	
	Bilateral			0														
	Field Spt			0														
	Total		0	0	0	0	0	0	0	0	0	0	0				0	
	Bilateral			0														
	Field Spt			0														
	Total		0	0	0	0	0	0	0	0	0	0	0				0	
Total Bilateral			233,768	47,100	10,000	12,200	1,200	2,200	300	700	0	5,000	15,500					
Total Field Support			0	0	0	0	0	0	0	0	0	0	0					
TOTAL PROGRAM			233,768	47,100	10,000	12,200	1,200	2,200	300	700	0	5,000	15,500				0	

FY 2000 Request Sector Totals -- DA	
Econ Growth	12,200
[Of which Microenterpris]	0
HCD	0
PHN	4,400
Environment	5,000
[Of which Biodiversity]	0
Democracy	15,500
Humanitarian	0

FY 2000 Request Sector Totals -- ESF	
Econ Growth	0
[Of which Microenterpris]	0
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

NOTES
For SO5, mission is requesting additional bilateral resources of \$2,000m.
For SO6, mission is requesting additional bilateral resources of \$5,000m.

USAID FY 1999 Budget Request by Program/Country

04-Aug-98
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Country/Program:
Scenario: Base Level

S.O. # , Title	Approp. Acct	Bilateral/Fi eld Support	Est. SO Pipeline End of FY 98	Estimated Total	FY 1999										Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.	
					Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G				Est. Expend. FY 99
SO 1: DEMOCRATIC INSTITUTIONS STRENGTHENED THROUGH CIVIL SOCIETY PARTICIPATION																		
DA	Bilateral		46,695	18,600			800							17,800	21,500	116,450	0	2,003
	Field Spt			0														
	Total		46,695	18,600	0	0	800	0	0	0	0	0	0	17,800			0	
SO 2: TRANSFORMED EDUCATION SYSTEM BASED ON EQUITY OF ACCESS AND QUALITY																		
DA/CSD	Bilateral		114,723	11,300	5,300		6,000								21,690	131,701	0	2,004
	Field Spt			0														
	Total		114,723	11,300	5,300	0	6,000	0	0	0	0	0	0				0	
SO 3: MORE EQUITABLE, UNIFIED AND SUSTAINABLE SYSTEM DELIVERING INTEGRATED PHC SERVICES TO ALL SOUTH AFRICANS																		
DA/CSD	Bilateral		36,861	10,400			300	3,000	5,000	600	1,500				11,500	60,000	0	2,000
	Field Spt			0													0	
	Total		36,861	10,400	0	0	300	3,000	5,000	600	1,500	0	0	0			0	
SO 4: IMPROVED CAPACITY OF KEY GOVERNMENT AND NON-GOVERNMENT ENTITIES TO FORMULATE, EVALUATE AND IMPLEMENT ECONOMIC POLICIES																		
DA	Bilateral		8,786	4,812			4,812								5,792	29,522	0	2,003
	Field Spt			0														
	Total		8,786	4,812	0	0	4,812	0	0	0	0	0	0				0	
SO 5: INCREASED ACCESS TO FINANCIAL MARKETS FOR THE HISTORICALLY DISADVANTAGED POPULATION																		
DA	Bilateral		30,197	3,800			3,800								12,200	26,700	0	1,998
	Field Spt			0														
	Total		30,197	3,800	0	0	3,800	0	0	0	0	0	0				0	
SO 6: INCREASED ACCESS TO ENVIRONMENTALLY SUSTAINABLE HOUSING AND URBAN SERVICES FOR THE HISTORICALLY DISADVANTAGED POPULATION																		
DA	Bilateral		25,457	9,500			500						9,000		6,800	39,300	0	2,005
	Field Spt			0														
	Total		25,457	9,500	0	0	500	0	0	0	0	0	9,000	0			0	
	Bilateral			0														
	Field Spt			0														
	Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Bilateral			0														
	Field Spt			0														
	Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Bilateral			262,719	58,412	5,300	0	16,212	3,000	5,000	600	1,500	0	9,000	17,800				
Total Field Support			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL PROGRAM			262,719	58,412	5,300	0	16,212	3,000	5,000	600	1,500	0	9,000	17,800			0	

Econ Growth	16,212
[Of which Microenterpris]
HCD	0
PHN	10,100
Environment	9,000
[Of which Biodiversity]]
Democracy	17,800
Humanitarian	0

Econ Growth	0
[Of which Microenterprise]
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]]
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

NOTES
 0 Mission is requesting restoration of CSP planning level for SO1.
 0 Mission is requesting additional bilateral resources of \$3,500m for SO5.
 0 Mission is requesting restoration of CSP planning level for SO2.
 0 The environment earmark under SO6 includes \$2,000m for GCC.

USAID FY 1998 Budget Request by Program/Country

04-Aug-98
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Country/Program:
Scenario: Base Level

S.O. # , Title	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 97	Estimated Total	FY 1998										Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.		
					Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G				Est. Expend. FY 98	
SO 1: DEMOCRATIC INSTITUTIONS STRENGTHENED THROUGH CIVIL SOCIETY PARTICIPATION																			
DA	Bilateral		53,646	17,550			3,050								14,500	23,500	116,450	0	2,003
	Field Spt			0															
	Total		53,646	17,550	0	0	3,050	0	0	0	0	0	0	0	14,500			0	
SO 2: TRANSFORMED EDUCATION SYSTEM BASED ON EQUITY OF ACCESS AND QUALITY																			
DA	Bilateral		117,487	16,750	9,000		7,750									17,514	131,701	0	2,004
	Field Spt			0															
	Total		117,487	16,750	9,000	0	7,750	0	0	0	0	0	0	0	0			0	
SO 3: MORE EQUITABLE, UNIFIED AND SUSTAINABLE SYSTEM DELIVERING INTEGRATED PHC SERVICES TO ALL SOUTH AFRICANS																			
DA	Bilateral		34,461	11,900			300	3,500	5,500	600	2,000					9,500	60,000	0	2,000
	Field Spt			0														0	
	Total		34,461	11,900	0	0	300	3,500	5,500	600	2,000	0	0	0	0			0	
SO 4: IMPROVED CAPACITY OF KEY GOVERNMENT AND NON-GOVERNMENT ENTITIES TO FORMULATE, EVALUATE AND IMPLEMENT ECONOMIC POLICIES																			
DA	Bilateral		9,314	4,300			4,300									4,828	29,522	0	2,003
	Field Spt			0															
	Total		9,314	4,300	0	0	4,300	0	0	0	0	0	0	0	0			0	
SO 5: INCREASED ACCESS TO FINANCIAL MARKETS FOR THE HISTORICALLY DISADVANTAGED POPULATION																			
DA	Bilateral		23,697	16,300			16,300									9,800	26,700	0	1,998
	Field Spt			0															
	Total		23,697	16,300	0	0	16,300	0	0	0	0	0	0	0	0			0	
SO 6: INCREASED ACCESS TO ENVIRONMENTALLY SUSTAINABLE HOUSING AND URBAN SERVICES FOR THE HISTORICALLY DISADVANTAGED POPULATION																			
DA	Bilateral		23,657	6,800			1,300									5,000	39,300	0	2,005
	Field Spt			0															
	Total		23,657	6,800	0	0	1,300	0	0	0	0	0	0	0	0			0	
	Bilateral			0															
	Field Spt			0															
	Total		0	0	0	0	0	0	0	0	0	0	0	0	0			0	
	Bilateral			0															
	Field Spt			0															
	Total		0	0	0	0	0	0	0	0	0	0	0	0	0			0	
Total Bilateral			262,262	73,600	9,000	0	33,000	3,500	5,500	600	2,000	0	5,500	14,500				0	
Total Field Support			0	0	0	0	0	0	0	0	0	0	0	0				0	
TOTAL PROGRAM			262,262	73,600	9,000	0	33,000	3,500	5,500	600	2,000	0	5,500	14,500				0	

FY 1998 Request Sector Totals -- DA	
Econ Growth	33,000
[Of which Microenterpris	0
HCD	0
PHN	11,600
Environment	5,500
[Of which Biodiversity]	0
Democracy	14,500
Humanitarian	0

FY 1998 Request Sector Totals -- ESF	
Econ Growth	0
[Of which Microenterprise	0
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

NOTES

- 0 For SO1, mission requests \$1,000m reobligation authority from expected FY98 deobligations.
- 0 The SO2 budget includes \$2,000m for Desmond Tutu.
- 0 The environment earmark under SO6 includes \$2,000m for GCC.
- 0 The SO5 budget includes \$1,000m from Global Bureau's Office of Microenterprise Development.

GLOBAL FIELD SUPPORT

Objective Name	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)					
				FY 1998		FY 1999		FY 2000	
				Obligated by:		Obligated by:		Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO 1									
SO 2									
SO 3									
SO 4									
SO 5	Privatization IQC 936-4212	High	1 year	286		-		-	
	Microenterprise Innovation Project/PRIME 940-0406	High	3 years	1,000					
	ATRIP African-American business partnership	Medium-high	3 years	400		3,500			
SO 6	Institute for Liberty and Democracy 936-4212	High	2 years		116		-		-
	Environmental Health Project 936-5994	High	2 years		100		100		-
	International Executive Service Corps 940-0013	High	2 years		75				
GRAND TOTAL.....			0	1,686	291	3,500	100	0	0

* For Priorities use high, medium-high, medium, medium-low, low

Org.: USAID SOUTH AFRICA FY 1998 On-Board Estimate	SO/SpO Staff						Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	2	2	1	1	0	8	2	2	2	1	1	6	14	22
Other U.S. Citizens: 1/ OE Internationally Recruited							0							0	0
OE Locally Recruited Program	3	4	1		1	2	11	1	1	2	4		1	5	16
FSN/TCN Direct Hire: OE Internationally Recruited							0							0	0
OE Locally Recruited							0		2					2	2
FSN/TCN Non-Direct Hire: OE Internationally Recruited							0			1				1	1
OE Locally Recruited Program	10	2 8	4	1	2	3	28	1	17	39	3		4	64	66
									1		1		1	2	30
Total Staff Levels	15	16	7	2	4	5	49	4	22	44	9	1	12	92	141
TAACS							0							0	0
Fellows							0							0	0

1/ Excluding TAACS and Fellows

Org.: USAID SOUTH AFRICA FY 1999 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire								0							0	0
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program								0 0 0							0 0 0	0 0 0
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0							0 0	0 0
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program								0 0 0							0 0 0	0 0 0
Total Staff Levels	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

Org.: USAID SOUTH AFRICA FY 1999 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	2	2	1	1	0		8	2	2	2	1	1	6	14	22
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program								0 0	1	1	2				0 4	0 4
	3	4	0	0	1	2		10				4		1	5	15
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0		2					0 2	0 2
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program								0 2	1	17	39	3		4	1 64	1 66
	10	8	5	1	2	3		29				1		1	2	31
Total Staff Levels	15	16	7	2	4	5	0	49	4	22	44	9	1	12	92	141
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

Org.: USAID SOUTH AFRICA FY 2000 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire								0							0	0
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program								0 0 0							0 0 0	0 0 0
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0							0 0	0 0
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program								0 0 0							0 0 0	0 0 0
Total Staff Levels	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

Org.: USAID SOUTH AFRICA FY 2000 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	2	1	1	1			7	2	2	2	1	1	5	13	20
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program								0 0 9	1	1	2			1	0 4 6	0 4 15
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0			1				1 2	1 2
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program								0 2 27	1	17	38	3		3	0 62 1	0 64 28
Total Staff Levels	13	15	6	2	4	5	0	45	4	22	43	9	1	10	89	134
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

FY 2000 Request:																
U.S. Direct Hire	2	2	1	1	1	0	0	7	2	2	2	1	1	5	13	20
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	1
OE Locally Recruited	0	2	0	0	0	0	0	2	2	20	40	3	0	3	68	70
Total OE Funded Staf	2	4	1	1	1	0	0	9	4	22	43	4	1	8	82	91
Program Funded	11	11	5	1	3	5	0	36	0	0	0	5	0	2	7	43
Total FY 2000 Request	13	15	6	2	4	5	0	45	4	22	43	9	1	10	89	134

FY 2001 Estimate:																
U.S. Direct Hire	2	2	1	1	1	0	0	7	2	2	1	1	1	5	12	19
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	1
OE Locally Recruited	0	2	0	0	0	0	0	2	2	20	38	3	0	3	66	68
Total OE Funded Staf	2	4	1	1	1	0	0	9	4	22	40	4	1	8	79	88
Program Funded	10	10	5	1	2	3	0	31	0	0	0	5	0	2	7	38
Total FY 2000 Target	12	14	6	2	3	3	0	40	4	22	40	9	1	10	86	126

MISSION : **USAID SOUTH AFRICA**

USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	NO. OF USDH EMPLOYEES IN BACKSTOP FY 98	NO. OF USDH EMPLOYEES IN BACKSTOP FY 99	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2000	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2001
01SMG	2	2	2	2
02 Program Off.	2	2	2	2
03 EXO	1	1	1	1
04 Controller	2	2	2	2
05/06/07 Secretary	0	0	0	0
10 Agriculture.	0	0	0	0
11Economics	1	1	1	1
12 GDO	0	0	0	0
12 Democracy	2	2	2	2
14 Rural Dev.	0	0	0	0
15 Food for Peace	0	0	0	0
21 Private Ent.	1	1	1	1
25 Engineering	0	0	0	0
40 Environ	0	0	0	0
50 Health/Pop.	1	1	1	1
60 Education	2	2	2	2
75 Physical Sci.	0	0	0	0
85 Legal	1	1	1	1
92 Commodity Mgt	0	0	0	0
93 Contract Mgt	1	1	1	1
94 PDO	4	4	3	3
95 IDI	2	2	2	2
Other*				
TOTAL	22	22	21	21

TRUST FUNDS & FSN SEPARATION FUND

Orgno.: USAID/SOUTH AFRICA
 Org. Title: FN-21674

N/A TO USAID/SOUTH AFRICA

Foreign National Voluntary Separation Account

Action	FY 98			FY 99			FY 20		
	OE	Program	Total	OE	Program	Total	OE	Program	Total
Deposits			0.0			0.0			0.0
Withdrawals			0.0			0.0			0.0

Unfunded Liability (if any)
 at the end of each FY.

Local Currency Trust Funds - Regular (\$000s)

	FY 98	FY 99	FY 20
Balance Start of Year		0.0	0.0
Obligations			
Deposits			
Balance End of Year	0.0	0.0	0.0

Exchange Rate(s) Used

Trust Funds in Dollar Equivalent, not in Local Country Equivalent

Local Currency Trust Funds - Real Property (\$000s)

	FY 98	FY 99	FY 20
Balance Start of Year		0.0	0.0

TRUST FUNDS & FSN SEPARATION FUND

Obligations			
Deposits			
Balance End of Year	0.0	0.0	0.0

Trust Funds in Dollar Equivalents, not in Local Country Equivalents

Org. Title:	South Africa	Overseas Mission Budgets														
Org. No:	OE-21674	FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Org. Title:	South Africa	Overseas Mission Budgets														
Org. No:	OE-21674	FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Org. Title: South Africa		Overseas Mission Budgets														
Org. No: OE-21674		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel	25		25	20		20	20		20	25		25	25		25
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field	51		51	80		80	80		80	60		60	60		60
21	Assignment to Washington Travel	45		45	42		42	42		42	18		18	18		18
21	Home Leave Travel	40		40	58		58	58		58	50		50	50		50
21	R & R Travel	90		90	48		48	48		48	60		60	60		60
21	Education Travel	18		18	18		18	18		18	18		18	18		18
21	Evacuation Travel	12		12	12		12	12		12	12		12	12		12
21	Retirement Travel	12		12	12		12	12		12	12		12	12		12
21	Pre-Employment Invitational Travel			0			0			0			0			0
21	Other Mandatory/Statutory Travel			0			0			0			0			0
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel	24		24	24		24	24		24	24		24	24		24
21	Site Visits - Mission Personnel	120		120	100		100	100		100	120		120	120		120
21	Conferences/Seminars/Meetings/Retreats	18		18	18		18	18		18	18		18	18		18
21	Assessment Travel			0			0			0			0			0
21	Impact Evaluation Travel			0			0			0			0			0
21	Disaster Travel (to respond to specific disasters)			0			0			0			0			0
21	Recruitment Travel			0			0			0			0			0
21	Other Operational Travel	12		12	12		12	12		12	12		12	12		12
	Subtotal OC 21.0	467	0	467	444	0	444	444	0	444	429	0	429	429	0	429
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight	60		60	105		105	105		105	60		60	60		60
22	Home Leave Freight	14		14	21		21	21		21	14		14	14		14
22	Retirement Freight	30		30	30		30	30		30	30		30	30		30
22	Transportation/Freight for Office Furniture/Equip.			0			0			0			0			0
22	Transportation/Freight for Res. Furniture/Equip.	5		5	5		5	5		5	5		5	5		5
	Subtotal OC 22.0	109	0	109	161	0	161	161	0	161	109	0	109	109	0	109
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	160		160	396		396	396		396	435		435	435		435
23.2	Rental Payments to Others - Warehouse Space	50		50	51		51	51		51	54		54	54		54
23.2	Rental Payments to Others - Residences	352		352	388		388	388		388	427		427	427		427
	Subtotal OC 23.2	562	0	562	835	0	835	835	0	835	916	0	916	916	0	916
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	120		120	120		120	120		120	132		132	132		132
23.3	Residential Utilities	140		140	140		140	140		140	140		140	140		140
23.3	Telephone Costs	211		211	220		220	220		220	230		230	230		230
23.3	ADP Software Leases			0			0			0			0			0
23.3	ADP Hardware Lease			0			0			0			0			0
23.3	Commercial Time Sharing			0			0			0			0			0
23.3	Postal Fees (Other than APO Mail)			0			0			0			0			0
23.3	Other Mail Service Costs	20		20	15		15	15		15	15		15	15		15
23.3	Courier Services			0			0			0			0			0
	Subtotal OC 23.3	491	0	491	495	0	495	495	0	495	517	0	517	517	0	517

Org. Title: South Africa		Overseas Mission Budgets														
Org. No: OE-21674		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
24	Printing and Reproduction	1		1	1		1	1		1	1		1	1		1
	Subtotal OC 24.0	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0			0			0			0			0
25.1	Management & Professional Support Services			0			0			0			0			0
25.1	Engineering & Technical Services			0			0			0			0			0
	Subtotal OC 25.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	77		77	85		85	85		85	85		85	85		85
25.2	Residential Security Guard Services	10		10	6		6	6		6	6		6	6		6
25.2	Official Residential Expenses			0			0			0			0			0
25.2	Representation Allowances	3		3	3		3	3		3	3		3	3		3
25.2	Non-Federal Audits			0			0			0			0			0
25.2	Grievances/Investigations			0			0			0			0			0
25.2	Insurance and Vehicle Registration Fees			0			0			0			0			0
25.2	Vehicle Rental	25		25	20		20	20		20	25		25	25		25
25.2	Manpower Contracts	15		15	10		10	10		10	10		10	10		10
25.2	Records Declassification & Other Records Services			0			0			0			0			0
25.2	Recruiting activities			0			0			0			0			0
25.2	Penalty Interest Payments	1		1	1		1	1		1	1		1	1		1
25.2	Other Miscellaneous Services	88		88	66		66	66		66	66		66	66		66
25.2	Staff training contracts	30		30	20		20	20		20	20		20	20		20
25.2	ADP related contracts			0			0			0			0			0
	Subtotal OC 25.2	249	0	249	211	0	211	211	0	211	216	0	216	216	0	216
25.3	Purchase of goods and services from Government acco	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	396		396	396		396	396		396	396		396	396		396
25.3	All Other Services from Other Gov't. accounts			0			0			0			0			0
	Subtotal OC 25.3	396	0	396	396	0	396	396	0	396	396	0	396	396	0	396
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	20		20	10		10	10		10	10		10	10		10
25.4	Residential Building Maintenance	80		80	70		70	70		70	50		50	50		50
	Subtotal OC 25.4	100	0	100	80	0	80	80	0	80	60	0	60	60	0	60
25.6	Medical Care	20		20	16		16	16		16	15		15	15		15
	Subtotal OC 25.6	20	0	20	16	0	16	16	0	16	15	0	15	15	0	15

Org. Title: South Africa		Overseas Mission Budgets														
Org. No: OE-21674		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	10		10	5		5	5		5	5		5	5		5
25.7	Storage Services			0			0			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance	20		20	15		15	15		15	20		20	20		20
25.7	Vehicle Repair and Maintenance	90		90	75		75	75		75	88		88	88		88
25.7	Residential Furniture/Equip. Repair and Maintenance	30		30	20		20	20		20	20		20	20		20
	Subtotal OC 25.7	150	0	150	115	0	115	115	0	115	133	0	133	133	0	133
25.8	Subsistence and support of persons (by contract or Gov't.)			0			0			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Supplies and materials	124		124	120		120	120		120	136		136	136		136
	Subtotal OC 26.0	124	0	124	120	0	120	120	0	120	136	0	136	136	0	136
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.	30		30	15		15	15		15	20		20	20		20
31	Purchase of Office Furniture/Equip.	20		20	10		10	10		10	10		10	10		10
31	Purchase of Vehicles	60		60	30		30	30		30	30		30	30		30
31	Purchase of Printing/Graphics Equipment			0			0			0			0			0
31	ADP Hardware purchases	50		50	25		25	25		25	25		25	25		25
31	ADP Software purchases	50		50	15		15	15		15	15		15	15		15
	Subtotal OC 31.0	210	0	210	95	0	95	95	0	95	100	0	100	100	0	100
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of bldgs.)			0			0			0			0			0
32	Purchase of fixed equipment for buildings			0			0			0			0			0
32	Building Renovations/Alterations - Office			0			0			0			0			0
32	Building Renovations/Alterations - Residential			0			0			0			0			0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Claims and indemnities			0			0			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		4877	0	0	4910	0	4910	4910	0	4910	4910	0	4910	4910	0	4910
Dollars Used for Local Currency Purchases		<u>4389</u>			<u>4419</u>			<u>4419</u>			<u>4419</u>			<u>4419</u>		
Exchange Rate Used in Computations		4.9			4.9			4.9			4.9			4.9		
Workyears of Effort 1/																
	FNDH	2		2	2		2	2		2	2		2	2		2
	FN PSCs	64		64	64		64	64		64	62		62	62		62
	IPAs/Details-In			0			0			0			0			0
	Manpower Contracts			0			0			0			0			0
Total Workyears		66	0	66	66	0	66	66	0	66	64	0	64	64	0	64

1/ One workyear of effort is equal to 2080 hours worked.

Cost of Controller Operations

Org. Title: USAID/SOUTH AFRICA		Overseas Mission Budgets														
Org. No: CO-21674		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Org. Title: USAID/SOUTH AFRICA		Overseas Mission Budgets														
Org. No: CO-21674		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Cost of Controller Operations

Org. Title: USAID/SOUTH AFRICA Org. No: CO-21674 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total		
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNE	68		68	75		75	75	75	82		82	82		82	
	Subtotal OC 11.1	68	0	68	75	0	75	75	0	75	82	0	82	82	0	82
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0		0			0		0		0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0		0			0		0		0
11.5	FNDH			0			0		0			0		0		0
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	108		108	112		112	112	112	115		115	115		115	
11.8	FN PSC Salaries	322		322	340		340	340	340	359		359	359		359	
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0		0			0		0		0
	Subtotal OC 11.8	430	0	430	452	0	452	452	0	452	474	0	474	474	0	474
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	24		24	53		53	53	53	50		50	50		50	
12.1	Cost of Living Allowances			0			0		0			0		0		0
12.1	Home Service Transfer Allowances			0			0		0			0		0		0
12.1	Quarters Allowances			0			0		0			0		0		0
12.1	Other Misc. USDH Benefits			0			0		0			0		0		0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH			0			0		0			0		0		0
12.1	Other FNDH Benefits	14		14	16		16	16	16	17		17	17		17	
12.1	US PSC Benefits			0			0		0			0		0		0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC			0			0		0			0		0		0
12.1	Other FN PSC Benefits	41		41	45		45	45	45	49		49	49		49	
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0		0			0		0		0
	Subtotal OC 12.1	79	0	79	114	0	114	114	0	114	116	0	116	116	0	116
13	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH			0			0		0			0		0		0
13	Other Benefits for Former Personnel - FNDH			0			0		0			0		0		0
13	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs			0			0		0			0		0		0
13	Other Benefits for Former Personnel - FN PSCs			0			0		0			0		0		0

Cost of Controller Operations

Org. Title: USAID/SOUTH AFRICA Org. No: CO-21674 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Subtotal OC 13.0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel			0			0			0			0			0
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field			0	8		8	8		8	8		8	8		8
21	Assignment to Washington Travel			0	5		5	5		5	8		8	8		8
21	Home Leave Travel	9		9			0			0			0			0
21	R & R Travel	5		5	7		7	7		7	7		7	7		7
21	Education Travel			0			0			0			0			0
21	Evacuation Travel			0			0			0			0			0
21	Retirement Travel			0			0			0			0			0
21	Pre-Employment Invitational Travel			0			0			0			0			0
21	Other Mandatory/Statutory Travel			0			0			0			0			0
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel			0			0			0			0			0
21	Site Visits - Mission Personnel	73		73	80		80	80		80	87		87	87		87
21	Conferences/Seminars/Meetings/Retreats	5		5	5		5	5		5	5		5	5		5
21	Assessment Travel			0			0			0			0			0
21	Impact Evaluation Travel			0			0			0			0			0
21	Disaster Travel (to respond to specific disasters)			0			0			0			0			0
21	Recruitment Travel			0			0			0			0			0
21	Other Operational Travel	2		2	2		2	2		2	2		2	2		2
Subtotal OC 21.0		94	0	94	107	0	107	107	0	107	117	0	117	117	0	117
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight			0	30		30	30		30	30		30	30		30
22	Home Leave Freight	7		7			0			0			0			0
22	Retirement Freight			0			0			0			0			0
22	Transportation/Freight for Office Furniture/Equip.			0			0			0			0			0
22	Transportation/Freight for Res. Furniture/Equip.			0			0			0			0			0
Subtotal OC 22.0		7	0	7	30	0	30	30	0	30	30	0	30	30	0	30
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	36		36	39		39	39		39	44		44	44		44
23.2	Rental Payments to Others - Warehouse Space			0			0			0			0			0
23.2	Rental Payments to Others - Residences	29		29	32		32	32		32	35		35	35		35
Subtotal OC 23.2		65	0	65	71	0	71	71	0	71	79	0	79	79	0	79
23.3	Communications, utilities, and miscellaneous charge	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	9		9	10		10	10		10	11		11	11		11
23.3	Residential Utilities	7		7	8		8	8		8	9		9	9		9
23.3	Telephone Costs	4		4	5		5	5		5	6		6	6		6
23.3	ADP Software Leases			0			0			0			0			0

Cost of Controller Operations

Org. Title: USAID/SOUTH AFRICA Org. No: CO-21674 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total												
23.3	ADP Hardware Lease			0		0			0			0			0	
23.3	Commercial Time Sharing			0		0			0			0			0	
23.3	Postal Fees (Other than APO Mail)			0		0			0			0			0	
23.3	Other Mail Service Costs			0		0			0			0			0	
23.3	Courier Services			0		0			0			0			0	
	Subtotal OC 23.3	20	0	20	23	0	23	23	0	23	26	0	26	26	0	26
24	Printing and Reproduction			0		0			0			0			0	
	Subtotal OC 24.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0		0			0			0			0	
25.1	Management & Professional Support Services			0		0			0			0			0	
25.1	Engineering & Technical Services			0		0			0			0			0	
	Subtotal OC 25.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	10		10	11		11	11		11	12		12	12		12
25.2	Residential Security Guard Services			0		0			0			0			0	
25.2	Official Residential Expenses			0		0			0			0			0	
25.2	Representation Allowances			0		0			0			0			0	
25.2	Non-Federal Audits			0		0			0			0			0	
25.2	Grievances/Investigations			0		0			0			0			0	
25.2	Insurance and Vehicle Registration Fees			0		0			0			0			0	
25.2	Vehicle Rental			0		0			0			0			0	
25.2	Manpower Contracts			0		0			0			0			0	
25.2	Records Declassification & Other Records Services			0		0			0			0			0	
25.2	Recruiting activities			0		0			0			0			0	
25.2	Penalty Interest Payments			0		0			0			0			0	
25.2	Other Miscellaneous Services	4		4	4		4	4		4	4		4	4		4
25.2	Staff training contracts			0		0			0			0			0	
25.2	ADP related contracts			0		0			0			0			0	
	Subtotal OC 25.2	14	0	14	15	0	15	15	0	15	16	0	16	16	0	16
25.3	Purchase of goods and services from Government ac	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS			0		0			0			0			0	
25.3	All Other Services from Other Gov't. accounts			0		0			0			0			0	
	Subtotal OC 25.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	3		3	3		3	3		3	3		3	3		3
25.4	Residential Building Maintenance	1		1	1		1	1		1	1		1	1		1
	Subtotal OC 25.4	4	0	4	4	0	4	4	0	4	4	0	4	4	0	4

Cost of Controller Operations

Org. Title: USAID/SOUTH AFRICA Org. No: CO-21674 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	3		3	4		4	4		4	4		4	4		4
25.7	Storage Services			0			0			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance	1		1	1		1	1		1	1		1	1		1
25.7	Vehicle Repair and Maintenance			0			0			0			0			0
25.7	Residential Furniture/Equip. Repair and Maintenance	1		1	1		1	1		1	1		1	1		1
	Subtotal OC 25.7	5	0	5	6	0	6	6	0	6	6	0	6	6	0	6
25.8	Subsistence and support of persons (by contract or Gov't.)			0			0			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Supplies and materials	4		4	5		5	5		5	5		5	5		5
	Subtotal OC 26.0	4	0	4	5	0	5	5	0	5	5	0	5	5	0	5
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.			0			0			0			0			0
31	Purchase of Office Furniture/Equip.			0			0			0			0			0
31	Purchase of Vehicles			0			0			0			0			0
31	Purchase of Printing/Graphics Equipment			0			0			0			0			0
31	ADP Hardware purchases			0			0			0			0			0
	Subtotal OC 31.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of bldgs.)			0			0			0			0			0
32	Purchase of fixed equipment for buildings			0			0			0			0			0
32	Building Renovations/Alterations - Office			0			0			0			0			0
32	Building Renovations/Alterations - Residential			0			0			0			0			0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Claims and indemnities			0			0			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		790	0	790	902	0	902	902	0	902	955	0	955	955	0	955
Dollars Used for Local Currency Purchases		<u>711</u>			<u>812</u>			<u>812</u>			<u>860</u>			<u>860</u>		
Exchange Rate Used in Computations		<u>4.9</u>			<u>4.9</u>			<u>4.9</u>			<u>4.9</u>			<u>4.9</u>		