



SUPPORT FOR ECONOMIC GROWTH ANALYSIS
MANDELA ECONOMIC SCHOLARS PROGRAM

SEGA / MESP QUARTERLY REPORT

JANUARY TO MARCH 2003

USAID support of economic policy analysis for the South African government and for capacity building of previously disadvantaged individuals and institutions through the SEGA / MESP Project continued successfully over the first quarter of calendar year 2003. To the end of March 2003, the project had expended approximately \$21.3 million, out of a current contract ceiling of \$25.7 million.

Ms. Mandlakazi Madaka has been promoted to the position of Project Management Specialist and is directly responsible for the short and long-term training activities.

MANDELA ECONOMIC SCHOLARS PROGRAM (MESP)

U.S. Graduate Training Program (MESP)

Over the quarter, two scholars returned to South Africa.

- Dr. Malcom Keswell completed his PhD at the University of Massachusetts and conducted three months of research at the Santa Fe Institute. He returns to a lecturing position at the University of Cape Town.
- Tshepo Falatsa, who had previously completed his Masters' degree at the Colorado School of Mines, completed an internship with mining company Pioneer and returned to South Africa. He has taken a position at the PetroSA, a government parastatal.

Currently, all returned scholars are working and all of the students who returned this year are employed as economists by government or universities. A few students have moved within government. The SEGA office will continue to monitor the students' placement and assist where necessary. The MESP programme has created wonderful opportunities for the scholars and for the government departments which are using their skills. The program has provided the South African government with a cadre of skilled black economists who have international exposure, confidence and are inquisitive and dedicated to public service. For the individual students, the program has provided international exposure, the most updated analytical and technical skills, has increased their confidence levels, assisted them with placement in rewarding employment opportunities and created a platform for exposure through internships (at the Presidency, among other places) and participation at international conferences. The benefits of the program continue to grow as the returned scholars gain experience in public service. The scholars' strong links with one another through the shared experience of mathematics "boot camp" and living overseas will continue to prove useful professionally and personally. All of the original MESP students are listed in the appendix table, with their current employment.

The eleven scholars remaining in the United States to complete PhDs participated in the annual meeting of the Allied Statistical Science (of which the American Economic Society is a major part) in Washington, DC in early January. Four scholars are expected to complete their PhD studies during calendar year 2003 and the SEGA/MESP office will work with them on appropriate placement prior to their return to South Africa:

Thabo Mabogoane, Syracuse University (June 2003)

Alpheus Nelufule, Colorado State University (Dec 2003)

Kudayja Parker-Jhazbhai, University of Florida (for Masters)/University of Nebraska (Dec 2003)

Victor Munyama, University of Oklahoma (Masters) / Colorado State University (Dec 2003)

Local Bursary Program (MESP2)

After the last intake of the original MESP program, a local bursary program was established for previously disadvantaged students to obtain Masters' degrees in specific innovative fields of economics in South Africa. During the quarter, SEGA/MESP staff visited each of the universities selected for this program. The attached table shows both the 2002 and 2003 intake for the MESP2 program at the University of Natal/Durban (UND), University of Stellenbosch (US) and the University of Cape Town (UCT).¹

Despite enhanced recruitment efforts, none of the universities accepted as many students as anticipated in the first year or in the current intake. Intake at US and UCT was particularly disappointing and both institutions have suggested and will implement additional actions to market the program from what appears a smaller supply of potential scholars than anyone anticipated. Also disappointing was the failure of UCT to attract more female students and that fact that no students registered for the labour economics specialty at UCT. Given the importance of the topic, it is hoped that additional students will apply next year.

Most of the 2002 group are now finishing their dissertations and seemed more confident and settled during the recent site visits. The 2003 group is in a better position in that most of the hurdles experienced by the 2002 intake group had been removed - especially in relation to administration/accommodation (in most cases, discussions among Nathan Associates, the Departments and university administrators were able to ease some of the administrative difficulties). Each university had established unique ways of tailoring programmes for students with very diverse backgrounds. At Stellenbosch, students begin the year with intensive refresher courses in mathematics and writing/research skills, while at Natal, an individual program (with many common courses) is developed for each student.

The universities have seen an increase in the numbers of students enrolling for their Masters' programmes, besides the MESP scholars. This bodes well for the programmes' long-term sustainability.

All the MESP2 scholars in 2002 were afforded the opportunity to attend the TIPS Forum that was held in Johannesburg in September 2002 and their strong support for such opportunities came out in the interviews. They enjoyed the exposure to the outside world of research and

¹ The universities were selected in a competitive process open to all South African universities in 2001. South African government officials, as a part of the MESP subcommittee of the SEGA/MESP Policy Operations Committee were involved in the selection process. At this time, no further bids for such a program are anticipated.

policymaking and the opportunity to network with people from various sectors and at different levels. We are hoping that the new students will be afforded a similar opportunity of attending the TIPS Conference or a similar forum this year.

The one Stellenbosch student who graduated from the MESP2 programme has received a bursary from Deutsche Bank / African Harvest to study as a Chartered Financial Accountant. One management issue of note is that tracking MESP2 scholar placement will prove much more difficult than under the original MESP program where we had individual relationships with each scholar and assisted directly with placement. We have requested that each university track students' placement, but this is not something that they systematically do and may take some time to implement.

SUPPORT TO GOVERNMENT ACTIVITIES (SEGA)

TECHNICAL ASSISTANCE FOR GOVERNMENT

Numerous activities for government progressed over the quarter. These are arranged by the primary government partner.

Micro Finance Regulatory Council

Important research on the Consumer Credit Law Review, which has been discussed in previous SEGA/MESP reports, continued. Penny Hawkins of FEASibility, in close collaboration with the CEO of the MFRC, Gabriel Davel, finalized the study on "The Cost, Volume and Allocation of Consumer Credit in South Africa." This supply-side study revealed and quantified the over R300 billion of credit extended to South African households in 2002. The study looked at the total costs of credit, which includes interest and non-interest charges, such as application fees, transaction fees and insurance costs. The data reveal that different consumers pay different amounts for credit, and unsurprisingly that low-income consumers pay the highest rates for credit with the shortest maturity, unless they have access to security such as property, pensions or insurance policies. The research also examines areas of dysfunction in the consumer credit market. Preliminary results of this study were discussed at USAID in February, and a workshop and meetings on the topic including representatives from other government departments and international expert, Professor Gary Dymski, were held during this quarter.

The research was conducted for the MFRC (and is not yet publicly available) as a part of the Consumer Credit Law Review. The DTI and the MFRC are contemplating important policy changes in this area. Also during this quarter, a report on the stakeholder perceptions of microfinance legislation conducted by the firm RUDO Consulting was finalized. Also during this quarter, Patrick Meagher of IRIS completed a review of pay-day lending practices in the United States and their relevance in the South African context.

Work on microfinance legislation will only go as far as the ability of the legislation to be effectively enforced (or at the least the perception that the legislation will be enforced). MFRC has requested USAID assistance with the devising a strategy for taking action against unregistered lenders (but USAID cannot and will not fund actually taking enforcement action). Registered lenders, through the MFRC, are subject to a fairly rigorous inspection process, and the MFRC has been successful in prosecuting a number of registered lenders for contravening

their regulations. However, but unregistered lenders are presently investigated by the Department of Trade and Industry and the DTI has not been successful in developing cases for prosecution. The higher degree of enforcement among registered lenders vis-à-vis unregistered lenders is creating skewed incentives and the unregistered moneylenders are disregarding the regulations with increasing impunity. The danger with the current scenario is that lenders will increasingly see no benefit of registration and will simply go “underground”. The fact that hundreds of microlenders have not renewed their registration with the MFRC provides some evidence that this is happening. In order to level the playing field, the Department of Trade and Industry has tabled the Usury Amendment Bill in Parliament to allow for the MFRC to conduct inspections and investigation on unregistered lenders. The bill is expected to be enacted in the next few months. SEGA is finalizing plans to support capacity building for the MFRC as it develops a plan of action for this enforcement. SEGA’s support will be for consultants to compile lists of unregistered lenders, through community consultation and to review material on previous cases to advise on an efficient and effective process of investigation.

Work with the MFRC, funded in part by the Washington-based PRIME project and USAID’s employment strategic objective (SO5), will continue and accelerate in the coming months.

Department of Trade and Industry (the dti)

- New Campus Development

Peter Aborn continues in his role as Project Champion for the development of the new dti campus. The project is described in more detail in other SEGA/MESP reports. During this quarter, the dti has appointed a head of its own PPP Management Unit. The renovation of Mahube House, the art deco building on the site, has been completed and the Project Champion and the dti’s PPP Management Unit have moved into offices overlooking the construction.

The quarter January to March 2003 was a busy one for the project. After the termination of the initial preferred bidder, the Rainprop consortium has been appointed as candidate preferred bidder and negotiations are on track for financial close soon. The buildings have already begun to emerge from the site under the project’s early works programme with bridge financing from the National Treasury. Peter Aborn discussed the project at a public presentation to USAID in February and a site visit for USAID is planned in April 2003.

- Other Activities Affiliated with the dti

The South African Internet Economic Study continued into this quarter. Since surveying began in June 2002, over 2000 questionnaires have been sent to firms in Gauteng, Cape Town and Durban and approximately 390 surveys returned. A project steering committee of USAID, Nathan Associates, DTI, UUNet and Statistics South Africa meet regularly. Preliminary results show that Durban is South Africa’s “Surfer’s Paradise” with companies there starting to use the Internet earlier, having greater dependency on the Internet, and having personnel better trained in Internet usage than their peers in other metro areas. The survey also indicates an urgent need for basic Internet training in the SMME sector: almost nine out of ten users had no formal Internet training, those with websites updated them very infrequently and many of the respondents were unable to answer basic questions regarding, for example, bandwidth. Project leader Helmo Preuss says “The preliminary result shows that there is a desperate need for training so that small businesses can make the best use of the Internet. A large 62% of small businesses [surveyed]

have their own website, yet 61,9% have remained with a dial-up modem. The migration to an ISAN line has largely been promoted by the slow download speed of the modem. Another interesting observation is that the much touted mobile connection only has a 1,2% penetration amongst small businesses. This may be due to resistance to change.” The project is beginning to survey rural enterprises as well and in addition to the survey results, will also produce a few case studies on Internet usage in small rural enterprises.

The National Labour and Economic Development Institute (**NALEDI**) undertakes research in support of the labor movement in South Africa. Economic restructuring in the country has caused major job losses since the mid-1980s, and the Presidential Job Summit held in 1998 brought about agreement between government, business and labor to hold sector job summits in an effort to combat the resultant unemployment. Labor unions in the sectors involved in these summits consequently need to develop proposals for the enhancement of productivity and employment, and to increase their capacity to engage in industrial policy development in these sectors. NALEDI, with funding support from USAID through the SEGA/MESP project, is assisting the unions to do this and over the past six months has produced a number of research papers dealing with developments in the various sectors.

Support to the **South African Institute for International Affairs**, an international affairs think tank at Wits University, for a research and capacity building project entitled “Development through Trade” was finalized. This project with marry SAIIA’s international relations - area studies focus and strong linkages with business with the international expertise of project Director Peter Draper for research and public outreach in the area of international trade. USAID is especially supporting the capacity building aspect of this program, including internships that may include some of the MESP2 scholars, while other donors including DFID and the South African private sector, are supporting other components. An official launch of the project is planned for late May 2003.

Land Tenure Reform – Department of Land Affairs

As part of the broader agreement between the Department of Land Affairs (DLA) and USAID, one area that needed strengthening in the department was capacity building. To this end the department requested SEGA/MESP assistance with the employment of consultants to work with them. One person has been employed for the position of Chief Planner: Systems and Advice in the Land Reform Directorate. An intern who will work with the Communal Property Associations in the Tenure Reform Implementation Systems Directorate has also been employed for six months. Work with the University of Wisconsin’s’ Land Tenure Center on the synthesis and publication of materials from an earlier land tenure conference has continued this quarter. Policy changes in the area of land reform were discussed in a previous quarterly report.

The South African Department of Land Affairs was invited by the Land Tenure Center and the Centre for Applied Social Sciences of the University of Zimbabwe to attend a symposium that the two NGOs jointly organized, together with USAID/Zimbabwe. The symposium was titled “Delivering Land and Securing Livelihoods: Post-Independence Land Reform and Resettlement in Zimbabwe” and was held from 26 – 28 March 2003 in Nyanga, Zimbabwe. The three officials who attended from the department were:

- Mr Sibongile Makopi Deputy Director: Tenure Reform Implementation
- Ms Carmen van der Merwe Director: Redistribution Implementation Systems
- Mr Chris Schalkwyk Director: Public Land Support Services

Other activities with the Land Tenure Directorate are still being developed. These include support for developing an Alternate Dispute Resolution mechanism, research into the costing of the consolidated land tenure bill and into post-settlement for labour tenants, and further training for DLA staff.

Intellectual Capital Development

This project is funded as a USAID/Washington-based Global Development Alliance. The primary South African partner on this project, the Southern African Research and Innovation Managers Association (SARIMA), held a workshop and their annual general meeting during February. Outgoing SARIMA President Tony Heher’s report summarizes the ambitious goals of this project: “ In a year which saw the approval of the national R&D Strategy, the first year of SARIMA’s existence has proved exciting but challenging. There is an increasing realisation internationally and locally, of the need for a holistic approach to research and innovation management in order to achieve the benefits of a vibrant and effective research system. The professional requirements to achieve this integration are becoming known and many countries are building capacity to meet this challenge.

“If SARIMA is to continue to realise its potential to be the leading professional organisation in this domain, and to retain the interest and involvement of our stakeholders, we need to consolidate our operations and ensure that more members participate in the diverse activities that make up the research & innovation spectrum. The honeymoon is over – the work begins!”

The SARIMA Workshop and Annual General Meeting was held on March 17-18, in association with the following related South African organizations: The Centre for Higher Education Transformation (CHET), the National Advisory Council on Innovation (NACI), the National Science and Technology Forum (NSTF), the South African Universities Vice-Chancellors Association (SAUVCA). The buy-in from these related groups and the coordination of many stakeholders in the “value chain” from research to innovation and into commercialization is an important role for SARIMA. Speakers at the workshop included Dr. Frank Heemskerk, the President of the European Association of Research and Managers and Administrators [whose engagement was initiated during SARIMA’s participation at a conference in Brussels in late 2002 (funded by the Department of Science and Technology)] and Dr. Adi Patterson, Chief Operating Officer of the Department of Science and Technology and outgoing SARIMA Vice President. Parallel tracks were held with in-depth discussions around some of SARIMA’s interest groups: The National Research and Innovation System – National Database Project; the Community of Science Funding and Expertise Database; Incubators, Venture Capital and Funding of Commercialization; and the NACI Intellectual Capital Forum. Report-backs from SARIMA members who participated in a wide variety of international conferences were held, including discussion of the trip of Dr. Heher and Vuyani Lingela, whose participation at the Association of University Technology Managers conference in Orlando, Florida was partially funded by the SEGA/MESP project over this quarter. They joined seven other SARIMA members at this key conference and forged a number of links with similar projects worldwide. Additionally, Dr. Heher met with the International Intellectual Property Institute (IPI) in

Washington, DC, and with the National Institute of Health to discuss NIH support for SARIMA's capacity building programme for research and innovation managers.

Dr. Andrew Kaniki, the Executive Director of Knowledge Management and Strategy for the National Research Foundation was elected as the new SARIMA President. The Vice Presidents include Dr. Phil Mjwara, CEO of the National Laser Center; Drs. Johann Mouton and Johann Groenewald, of Stellenbosch University; and Ms. Diana McCann of the University of Natal. The new board includes members from the Medical Research Council, Mintek, CSIR, NRF, Universities of Wits, Port Elizabeth, Ft. Hare, and Botswana.

For more information on SARIMA, see the website www.sarima.co.za to sign up as a member and receive the electronic newsletter.

The Washington-based NGO the **International Intellectual Property Institute** (IIPi) was an active participant in the SARIMA workshop. This continues IIPi's engagement on intellectual capital issues in South Africa and their key role as an international partner and mentor for SARIMA. IIPi's Lee Gillespie White and Eric Garduno were in South Africa for research of the SEGA-funded project exploring the policy framework and specific practices in South Africa that impact on the innovation and technology transfer capacity. IIPi will use its extensive U.S. and international experience to contrast the South African system with those in the U.S. and other key countries. It is hoped that this analysis will assist SARIMA and the South African government in the preparations for new technology transfer legislation expected in early 2004.

Carbon Sinks Project and Other Environmental Activities

One of the environmental projects financed by SEGA/MESP has taken on a life of its own and deserves to be discussed here, even though it is no longer funded through SEGA/MESP. This is the African Rural Initiatives to Sustain the Environment (ARISE) programme, which started as the 'carbon sinks' project. ARISE will be launched in the Limpopo Province in 2003 (in a program called ARISE LIMPOPO) through a partnership between the Limpopo provincial government, Kruger National Park and Working for Water. Funding for environmental rehabilitation will likely come from the SA government's poverty alleviation fund (via the provincial government, Working for Water, the Department of Water Affairs and Forestry's community forestry section, and the Department of Environmental Affairs and Tourism), from the World Bank's Community Development Carbon Fund (via the Development Bank of Southern Africa), and possibly from the Global Environmental Facility (via the United Nations Development Programme).

ARISE is potentially a very big program. It is estimated that South Africa has roughly 2,000,000 hectares of degraded land, and research that was funded through SEGA/MESP indicates that the various carbon and non-carbon services that its rehabilitation would produce are worth up to R10,000/hectare. This creates a hypothetical 'market' of R20 billion, so within this horizon there appears to be ample scope for finding many opportunities that can actually be implemented. It is important to note that the bulk of the funds that flow through ARISE will go to very poor people in rural areas, and that the natural resource rehabilitation work that is done will be very labor intensive. ARISE is therefore a very good economic development project, quite apart from the beneficial environmental impact that it will have through the mitigation of climate change and desertification and the conservation of biodiversity.

Significant progress in implementing the ARISE LIMPOPO project has been made since October 2002. There is now Cabinet level support for the project in Limpopo Province and some indication that the private sector wishes to participate and contribute funds. At the practical on-the-ground level, the Working for Water programme has funding available for seed collection, and a seed bank will be established in the Kruger National Park in April/May to serve as the basis for the establishment of nurseries later this year.

These projects have the potential to make significant impacts on South African society, and we will continue to report on them in quarterly reports even though they have moved out of the realm of SEGA/MESP.

Parliament

Parliamentary Training

Most of the Parliamentary Training was initiated by Nathan Associate's SEGA/MESP Project, but it is currently funded through another contractor. Funding and management are anticipated to return to SEGA/MESP at the end of the calendar year. The program provides for training of Parliamentarians in Economics, at roughly first- and second-year university level, with a strong policy focus. The significance of this lies in the fact that Parliamentary decision-making inherently involves economic tradeoffs, and to the extent that Parliamentarians understand the fundamentals of Economics, they will be better equipped to participate in the decision-making process. It should also be noted that many of the Parliamentarians currently in office have a background of 'struggle' politics and consequently have no tertiary education. The training that they are undergoing has been custom designed for them, building upon their practical day-to-day Parliamentary work and focusing on policy rather than theory. It has been structured in such a way as to allow them to proceed from a school-level education through to a Masters degree, should they wish to advance that far. Another intensive training course at the Caledon Hotel in the Western Cape for the Parliamentarians is planned during July 2003. This is the third of "Caledon courses" and this year's focus will be on international economics.

Thus far there have been two annual intakes for the training course. The first year saw 39 enrolments, and the second year 32. In addition, four Parliamentarians are completing Masters degrees in Economic Policy at the University of Stellenbosch. The results have been very positive, with all the Parliamentarians undergoing training reporting a considerably improved understanding of Parliamentary debates, budgets and so on. In addition, several Cabinet ministers have commented favorably on the training, and some have even enrolled for the course.

Association of Public Accounts Committees (APAC)

Public Accounts Committees are established in the national and provincial legislatures to review the spending of government departments and public enterprises, especially by way of the Auditor General's regular reports. APAC's function is to support these committees, which are made up of elected politicians with limited terms of office, by providing them with a degree of continuity and shared experience. APAC advises each committee on how it should function, what its responsibilities are, what the responsibilities are of each organization that reports to it, how to read and analyze financial statements, and so on. USAID has provided funding to enable APAC to compile a booklet that will guide the committees on international best practices.

Other Support to Government Activities

The work by the Development Policy Research Unit (DPRU) at the University of Cape Town for the **Department of Public Enterprises** on the possible labour market consequences of restructuring state owned enterprises is being revised and will hopefully result in a summary booklet on the topic to be released publicly. **Short-term training activities** were unfortunately curtailed during this quarter due to budget constraints. The only two short-term training activities were associated with the intellectual property project (SARIMA) and the Department of Land Affairs. All short-term training over the six months ending 31 March 2003 is outlined in an appendix table.

ECONOMIC RESEARCH THROUGH NGOS AND UNIVERSITIES

This component of SEGA is managed by the Joint Center for Economic and Political Development, in subcontract with Nathan Associates. Only three of the original grant recipients were still active over the period – the **LIMA** initiative continues to expand land rental markets in Kwa Zulu Natal, Disabled People South Africa (**DPSA**) is working on the technical assistance guidelines for the new Disability Code of Good Practice, and the National Institute for Economic Policy (**NIEP**). NIEP's contract expired at the end of March and DPSA's will expire at the end of April .

Research on the Economic Impact of HIV/AIDS

Research into the Economic Impact of HIV/AIDS and Its Impact on Governance continued in full force during the quarter. The research, co-funded by USAID, AusAID and DFID, is beginning to show excellent results and to be used by the policymakers it was intended to serve. Capacity building of the local researchers is showing large rewards. The quarter was dominated by methodological reviews of ongoing research, workshops and meeting disseminating earlier results and discussion ongoing research, and preparation for the third round of research on the economic impact of HIV/AIDS. The project, in line with the general focus of the SEGA/MESP project, has aimed to build local capacity to address these important issues. Researcher Veni Naidoo writes about capacity building,

“Everyone on the project team are not only black South Africans but also people who have not been involved in research of this nature before nor may otherwise be given this opportunity. Each of these individuals plans to make research in HIV/AIDS their career. Individuals are being trained in all aspects of research from interviewing, computer literacy, data management, analytical, presentation and communication skills. Each of the individuals are being trained so that the Perinatal HIV Research Unit will have a list of trained researchers and a data manager they could hire for their research projects when this study is over. This would not be possible without the research project in Soweto ...”

Technical assistants Drs. Stephen Dike and Hillary Southall and the Joint Center embarked on an intensive review of work completed by the ‘Round 2’ research teams in late February/beginning March 2003 (details of this review can be found at the end of this report). On the whole, we have been quite pleased with the quality of work undertaken and the capacity building efforts of most of the teams. We are particularly delighted with Veni Naidu's (EPRI) project in Soweto, as it continues display commitment to capacity building through comprehensive training programs; thoroughness in carefully documenting concepts, definitions; and quality assurance of field activities.

The IDASA team continues with its review and assessment of the Conditional Grant spending, but this time, a black researcher (Nhlanhla Ndlovu) joins the team and is conducting all the interviews in the provinces, assisting with data analysis and documentation of results. The utility of this study is undisputed and the team has already begun to disseminate preliminary results within Portfolio Committees in Parliament.

The CHSR&D, Free State, has completed the second year of the household survey and are presenting the results at numerous international conferences on poverty and HIV/AIDS. The 'University impact project', also conducted by the CHSR&D, is running smoothly. We are pleased that the team is now focusing their energies on capacity building and is evidenced in the employment of two Masters students who compiled the literature review under Dr. Booysen's supervision, and the employment of two black researchers to conduct the study in the QwaQwa campus.

On the downside, the Tomlinson project on HIV/AIDS and municipal financial sustainability has been terminated by mutual agreement between the project team and the Joint Center. Although termination of the project is regrettable, it is probably the best conclusion given that we could not resolve certain issues regarding the scope and content of the project following months of discussion. We remain concerned with the HSRC project and issues related to their sample frame and sector choice. Discussions are ongoing between the research team and the Technical Assistance (TA) team in this regard.

Each of the active Round 2 projects is described in more detail in the attached appendix.

Workshop on the Economic Impact of HIV/AIDS - 5 March 2003, Kievits Kroon (near Pretoria)

The main purpose of this workshop was to:

- To introduce each of the ongoing projects stating the aims and objectives, methodologies and time frames
- To present interim findings
- To identify challenges encountered by the teams during their research and lessons learned
- To establish if there are any possible linkages/cross-fertilization between the projects

There were 68 participants at the workshop including the research teams and representatives from the Dept's of Health, Social Development, Public Services and Administration, Labour, Housing as well as reps from Tshwane Metro, NEPAD, Naledi, HEARD, AusAID, DFID, Irish Embassy, JICA, Save The Children, UNAIDS, UNDP and USAID. The presenters received valuable input from the participants and we hope to schedule a final workshop for this research round in October 2003.

Preparations for Round 3 and Dissemination of Results from Round 1 and 2 Research

Following interest by AusAID, DFID and USAID to fund a third round of research, which is more targeted towards the needs to policymakers, the Joint Center and USAID initiated meetings with key government departments to elicit their research priorities in the area of economics and HIV/AIDS. Three Departments namely, Social Development (DSD), Health (DoH) and Treasury, expressed interest in this program and are currently collaborating with the Joint Center in this regard. We envisage these topics to form the basis of our next Call for Papers due to be released in late May 2003, following consultation with the donors and Government reps. We are hopeful that the European Union and the UNDP will participate and provide additional funds for the third round of research.

Department of Social Development(DSD)

We first approached the Department in January 2003 when we met with the Chief Director (Jacques van Zuydam), Director and researchers in the Population Unit. Jacques informed us that the Department is in the process of designing a research agenda that includes HIV/AIDS and indicated that a presentation of results of the first round of research would be useful in assisting the Department to identify some issues as a result of HIV/AIDS.

In collaboration with the Joint Center, the DSD hosted this workshop on 18 March 2003 in Pretoria. The Minister of DSD, Zola Skweyiya, opened the workshop. In his speech, the Minister said,

“The purpose of this seminar is to create awareness of research that is being conducted. It is also to Strengthen Partnerships between provincial and national officials and donor agencies. Perhaps most importantly, it is to enhance the capacity of government at national and provincial levels to translate research findings and recommendations into action.”... “I expect the seminar to create a platform for the department to express its research needs and priorities that could be incorporated in the Joint Center’s research activities. The Department pledges its full support and commitment to these scientific endeavors, aimed at addressing the desperation that prevails in our communities. It is essential that academic researchers are accountable to both to this audience and to the communities where there research takes place.”...“Finally I would like to thank the international donors on behalf of the department that made this research possible namely USAID, AusAID, and DIFD. We recognize and appreciate your contribution to our struggle against HIV/AIDS, not as South Africa issue, but as a challenge facing the whole of humanity”

The Joint Center and our TA team facilitated follow-up workshops on 19 March and 11 April with representatives from the 5 units within DSD to identify and prioritize the research needs of the Department.

Department of Health, National Treasury, Reserve Bank and National Treasury.

We met with Martin Hensher in the Health Financing and Economics Directorate of the National Department of Health, who had some excellent suggestions on possible research topics. Martin suggested we meet with the Health/Treasury Task Team (who have been working on the cost-effectiveness of treatment) to discuss/refine these topics at their next meeting, which will hopefully be in early May 2003. Neal Cohen met with Mark Blecher of National Treasury who is also part of the Health/Treasury Task team. We also met with the Reserve Bank and with Cas Saloojee, the Chair of the Parliamentary Standing Committee on Social Development. A workshop with the entire Parliamentary standing committee is anticipated in the coming months.

SUPPORT TO A CENTER OF EXCELLENCE IN ECONOMICS TRAINING AND RESEARCH AT THE UNIVERSITY OF THE WESTERN CAPE



The Finance and Development Training and Research Unit

**in the Department of Economics
at the University of the Western Cape**

400...600...800...1000. This series represents the approximate number of undergraduate students enrolled in the Department of Economics at the University of the Western Cape in the four years from 2000 to 2003. A university department's status in the community it serves is indicated by the number of students it is able to attract. This strong and sustained growth would make any university department in South Africa proud. It is all the more remarkable because in 1998 the university management was seriously considering closing the Department because of *falling* student numbers! It is no coincidence that 1998 was also the year in which USAID began to provide funding support to the Department through the SEGA/MESP project implemented by Nathan Associates.

In 1997, a committee made up of the vice-chancellors of South Africa's historically disadvantaged universities decided that each of these universities would develop a center of excellence in one of its departments. The particular department was selected on the basis of a university's historical strengths. Because the faculty of the Department of Economics at the University of the Western Cape had been widely respected during the struggle, the committee decided that the department should be transformed into a center of excellence in teaching and researching in economics. USAID was asked to provide financial support for this endeavor.

Unfortunately, many of the department's most respected academics had left by the mid 1990s and what remained by 1998 was a severely weakened department with a few teaching staff and declining student numbers. The fall in student numbers was so significant that the university management was considering closing the department altogether, and the teaching staff were understandably somewhat demoralized, which in turn did nothing to attract new students. In short, a downward spiral had set in that threatened to result in the university having no Department of Economics at all, let alone one that could be described as a center of excellence.

The ensuing years have seen a dramatic change. USAID's support allowed for the creation of FADTRU, the Finance and Development Training and Research Unit, which is closely attached to the Department of Economics and makes use of the same staff members but is funded separately. FADTRU's existence has in turn considerably enhanced the Department's image.

Universities compete with one another to attract students. In the case of the University of the Western Cape, there is strong competition from the historically advantaged universities at Stellenbosch and Cape Town, both with excellent facilities that have been built up over decades and with reputations for good teaching and research. In 1998, there were few books on economics in the University of the Western Cape's library, students had no access to computers,

little research was being done and teaching had the reputation of being mediocre and disinterested. Through FADTRU, books and computer laboratories have been provided, research is being undertaken and the teaching staff have a greater degree of motivation. In a recent review of the department, junior staff in particular were praised for their dedication. At the time, two of these junior staff members received their graduate training in the U.S. through the USAID-funded Mandela Economic Scholars Program.

FADTRU's marketing efforts have also made the Department of Economics much more visible in the community, and much more respected. The Department of Economics was recently selected for major funding from the Carnegie Foundation, together with the University of Pretoria and jointly with the law faculty, for developing a Masters' degree in Trade and Investment that is attracting students from across the continent. Not only have undergraduate student numbers increased, as shown above, but post-graduate student numbers – which perhaps more closely reflect the Department's image as an academic institution – have risen as well. The number of honors and masters students increased from 23 to 42 over the period 2000 to 2003. Perhaps most significant of all as an indicator of improvement is the change in the number of PhD students in Economics: in 2000, there were none at all, now there are five – more than ever before in the history of the University!

FADTRU however also has its own activities, distinct from those of the department. FADTRU's main activity to date has been the provision of outreach programs in the form of workshops that are presented to government officials throughout the country, training them in various aspects of economics. Several hundred officials have been trained since 1998, and FADTRU has entered into training partnerships with the South African Management Development Institute and the University of Fort Hare. Training is also provided to Parliamentarians, 71 of whom are currently participating in the courses towards advanced degrees. This training has been highly successful, attracting the approval of several Cabinet ministers. FADTRU has also recently attracted outside research funding from the United Nations and the South African Bureau of Standards. This contract research will help ensure FADTRU's sustainability as USAID funding is phased out and also provides opportunities for faculty and students to apply their skills to address important policy questions facing South Africa. In the coming months, economics literacy workshops will continue for provincial government officials and a book entitled *A Guide to Economic Literacy* will pull together the lessons learned from these workshops.

Looking back over the past five years, it is clear that the University of the Western Cape has made tremendous strides in its efforts to create a center of excellence in economics. The challenge now is to build on this progress to further strengthen the upward spiral of progress that has replaced the downward one that previously existed.

APPENDIX A: Mandela Economic Scholars (U.S. Programme) Tables

Table A1. Returned MESP Scholars

INTAKE YEAR	RETURN YEAR	NAME	SCHOOL/ DEGREE	CURRENT EMPLOYER	POSITION
1996 IIE	1998	Liz Farquharson	MA Industrial Economics SUNY – Buffalo	Private Sector	Economist
1996 IIE	1998	William Mothibedi	MA Agricultural Economics University of Arkansas	National Treasury	Director
1996 IIE	1997	Rekwele Mathli	MA Economics SUNY-Albany	Consulting for DBSA/DTI	Consultant
1996 IIE	1998	Mpho Choleka	MA Economics Western Illinois University		
1996 IIE	1999	Zolile Feketa	MA Regional Economics Oklahoma State University	Reserve Bank(SARB)	Research Analyst/Economist
1996 IIE	2000	Khathutshelo Todani	PhD. Applied Economics, University of Minnesota	Department of Trade & Industry (DTI)	Director
1997 IIE	1999	Bongani Gigaba	MA Economics Vanderbilt University	Private Sector (IKLWA Structured Financial Products)	Co-Managing Director
1997 IIE	1998	Thokozile Fakude	MA Regional Economics Williams College	Gauteng Gaming Board	Corporate Investigator
1997 IIE	1999	Thabo Mokoena	MA Regional Economics SUNY- Stony Brook	Reserve Bank(SARB)	Economist
1997 IIE	1999	Mashadi Manong	MA Urban Economics Howard University	Standard Bank	Private Sector—Economist
1997 IIE	1999	Shadrack Appanna	MA Commercial Economics Howard University	Development Bank of Southern Africa (DBSA)	Economic Analyst
1997 IIE	2001	Peter Jacobs	PhD., Economics, Fordham University	PLAAS (Ag Research), University of the Western Cape	Economic Researcher
1997 IIE	2002	Ashraf Kariem	Ph.D., Economics, Temple University	Office of the Presidency	Deputy Director
1997 IIE	2002	Mxolisi Landu	Ph.D., Economics, University of Houston	SARS	Senior Economist
1997 IIE	2002	Nonceba Mashalaba	Ph.D., Environmental Economics, Oklahoma State University	UNITRA	Lecturer
1997 IIE	2002	Yasmin Dada-Jones	PhD., Health Economics, University of Maryland	Office of The Presidency	Chief Director
1997/8 IIE	1999	Jonas Mhlarhi	MA Development Economics Vanderbilt University	SASOL	Commercial Specialist
1997/8 IIE	1999	Lazarus Monyane	MA Economics Western Illinois University	Gauteng Dept of Education	Education Specialist
1998	1999	Baso Sangqu	MA Development Economics Vanderbilt University	Department of Foreign Affairs	Ambassador to the AU(African Union)
1998	1999	Thabo Mbeleki	MA Macroeconomics University of Massachusetts	Reserve Bank(SARB)	Economist
1998	1999	Matsie Seritsane	MA Health Economics University of Connecticut	South African Medical Council	Health Economics Research Analyst
1998	1999	Moeketsi Mosola	MA General Economics University of Houston	Tourism Development Department of Environmental Affairs	Chief Director
1998	1999	Amiena Bayat	MA Development Economics Williams College	University of the Western Cape	Economics Lecturer
1998	1999	Moses Rangata	MA Public Finance Williams College	National Institute for Economic Policy (NIEP)	Director
1998	2000	Lillian Meyer	MA Development Economics, Colorado State University	National Agriculture Marketing Council	Economist
1998	2000	Albert Junior Khumalo	MA Intern'l and Dev. Economics Colorado State University	Reserve Bank(SARB)	Economist
1998	2000	Thabo Gopane +	MA (incomplete) Georgia State University	Department of Trade & Industry (DTI)	Consultant Economist
1998	2000 / 03	Malcom Keswell	Ph.D. Macroeconomics University of Massachusetts	University of Cape Town	Economics Lecturer
1998	1999	Irene Majaja	MA Development Economics, Williams College	Eastern Cape Technikon	Economics Lecturer
1999	2000	Fisa Lembede	MA Development Economics Williams College	University of the North-West	Economics Lecturer

INTAKE YEAR	RETURN YEAR	NAME	SCHOOL/ DEGREE	CURRENT EMPLOYER	POSITION
1999	2000	Kenneth Brown	MA, Public Finance University of Illinois	National Treasury, Inter-Government Relations	Director, Provincial Finance Policy
1999	2000	Mercy Mathibe	MA, Monetary Economics Vanderbilt University	Reserve Bank	Economist
1999	2000	Veronica Mafoko	MA Economics Georgia State University	Fiscal & Financial Commission (FFC)	Research Analyst
1999	2000	Gabriel Disenyana	MA Economics Georgia State University	Department of Trade & Industry (DTI)	Deputy Director, Research Planning
1999	2000	Mduduzi Langa	Dual MA Development Economics, Williams College MA Environmental Economics, Fletcher School, Tufts	SASOL	Environmental Specialist
1999	2001	Fazel Moosa	MA Economics New York University	DTI, Trade and Investment South Africa (TISA)	Manager: Investment Fruit & Vegetable
1999	2001	Nolundi Dikweni	MA Inter'l Economics and Finance Brandeis University	Department of Transportation	Director
1999	2001	Matse Keshuplilwe	MA Economics Fletcher School, Tufts University	Department of Transportation	Director
1999	2001	Phumelele Mbiyo	MA, Economics, University of Maryland, CP	Reserve Bank(SARB)	Economist
1999	2001	Lesley Fisher	MA, Public Finance Georgia State University	National Treasury, Local Government Unit	Deputy Director
1999	2001	Vimal Ranchod	MA, Economics, University of Michigan	University of the Witwatersrand	Economics Lecturer
1999	2001	Shaeeda Sechel *	MA Georgia State University/UWC	Western Cape Provincial Treasury Department	Principal Finance Administration Officer
1999	2001	Lungisa Vokwana	MA, Development Economics Williams College	National Intelligence Agency	Economic Analyst
1999	2001	Francis Moloi	MA, LLB Harvard University	Department of Trade & Industry (DTI)	Director, Multilateral Trade Relations
1999	2001	William Matlou Kalaba	MA Agricultural Economics Oklahoma State University	National Agricultural Marketing Council (NAMC)	Senior Economist
2000	2001	Fiona Bayat	MA, Economics George Mason University	University of Cape Town	Economics Lecturer
2000	2001	Vuyelwa Vumendlini	MA Public Finance, Georgia State University	National Treasury	Economist
2000	2001	Eileen Phoshoko **	MA Brown University	Statistics South Africa	Economist
2000	2001	Percy Moleke	MA, Public Finance, Georgia State University	Human Sciences Research Council (HSRC)	Senior Researcher
2000	2002	Carmen-Joy Abrahams	MA, Intern'l Economics & Finance Brandeis University	National Treasury	Economist
2000	2002	Brian Biyela	MA, International Economics, American University	National Treasury	Deputy Director: Intergovernmental Budgeting
2000	2002	Tsepho Falatsa	MS, Mining Economics, Colorado School of Mines	Department of Minerals and Energy	Deputy Director
2000	2002	Roderick Hlongwane	MA, Economics University of Oregon	National Treasury	Deputy Director: Financial Market Development
2000	2002	Evelyn Maloma	MA, Economics Howard University	Department of Trade and Industry	Economist
2000	2002	Nokuthemba Lembede	MA, Economics Howard University	Vista University Soweto	Lecturer
2000	2002	Plaatjie Mahlobogoane	MA, Economics Howard University	National Treasury	Economist
2000	2002	Malele Mogoane	MA, Public Finance, Georgia State University	National Treasury	Economist
2000	2002	Nathaniel Sebitso	MA University of Colorado	National Treasury	Economist
2000	2002	Solly Kgopong	MA, Agricultural Economics, Ohio State University	Limpopo Trade & Investment	Economist
2000	2002	Edwin Motsisi	MA, Economics University of Oregon	South African Revenue Services (SARS)	Economist
2000	2002	Phumla Ndaba	MA, Environmental Economics, University Massachusetts-Amherst	Working for Water	Consultant Economist

Total in above list: 61

Table A2. MESP Scholars Still Pursuing Ph.D.s in the United States

#	SURNAME	NAME	INTAKE YEAR	ESTIMATED COMPLETION	SCHOOL AND SPECIALTY
1.	Bopape	Lesiba Elias	2000	31-Jul-2005	Michigan State University (Cornell for MA) Agric. Economics
2.	Dlamini	Vusanani Daniel	2000	31-Jul-2005	Uni. Of West Virginia (Purdue for MA) Agric Economics
3.	Mabogoane	Thabo	1998	31-Jul-2003	Syracuse University Economics of Education
4.	Mohamed	Seeraj	2000	31-Jul-2005	University of Massachusetts International Trade
5.	Munyama	Victor	1998	31-Dec-2003	Colorado St. Uni(Oklahoma for MA) Macro & Financial Economics
6.	Naidoo	Julian	2000	31-Jul-2005	Univ. Maryland/Baltimore Econometrics
7.	Nelefulle	Alpheus	1998	31-Dec-2003	Colorado State University Development Economics
8.	Nesengani	Nkhetheni	2000	31-Jul-2005	Colorado State Uni (Uni of Colorado for MA) International Economics
9.	Parker-Jhazbhai	Kudayja	1999	31-Dec-2003	University of Nebraska (U. of Florida for MA) Development Economics
10.	Sikhwani	Ndiadvha P.	2000	31-Jul-2005	Colorado State University Agricultural & Resource Economics
11.	Sikitha	Khathutshelo	2000	31-Jul-2005	University of Rhode Island Environmental/Resource

MESP SUMMARY STATISTICS (cumulative to end March 2003)

Total MESP Scholars: **71** (Table A1)
 Female MESP Scholars: **28** (39%)
 Male MESP Scholars: **43** (61%)

MESP Scholars Completing Masters or PhD Degrees in US: **58** (Table A1)

MESP Scholars Still Pursuing PhDs in US: **11** (Table A2)

MESP Scholars Completing Degrees and Currently Working as Economists: **57**

MESP Scholars Completing Degrees and Currently Working as Economists in
 South African Public Service: **54**

Notes: + Mr. Gopane did not complete degree (MESP scholar, but not completed); * Ms. Sechel returned to South Africa after one semester at GSU and completed Masters degree at UWC (MESP Scholar, but not completed); **Ms. Phoshoko received a scholarship directly from the university, however, MESP paid for her attendance at Economics Institute as well as international airfare (not counted as MESP scholar in “indicators”, but included as part of the group who received MESP support). Total of 71MESP scholars includes Gopane and Sechel, but exclude Phoshoko. Ms. Chaleka (who was sponsored by previous contractor IIE) is unlocatable and since we do not know here employment status, she is not counted as working as an economist. Public service (final indicator) interpreted broadly to include government, parastatal, university or NGO closely linked to government.

APPENDIX B: MESP2 LOCAL BURSARY PROGRAMME TABLES

<u>Name</u>	<u>Gender</u>	<u>Intake year</u>	<u>Specialty</u>	<u>End date</u>	<u>Status</u>	<u>Funded thru</u>
University of Natal / Durban						
2003 Summary		11 M	Trade – 7			
	4 F		Health - 4			
			Resource – 4			
Bakane Papali	F	2003	Trade	June 04		June 04
Degbor William	M	2003	Trade	June 04		June 04
Leshoro Selebogo	M	2003	Health	June 04		June 04
Mahomedy Abulkader	M	2003	Trade	June 04		June 04
Mashimbye Miyelani	F	2003	Trade	Dec. 03		Dec. 03
Mhlongo Mphumuleni	M	2003	Resource	Dec. 03		Dec. 03
MnotoYalezwa	F	2003	Resource	Dec. 03		Dec. 03
Mohane Happy	M	2003	Health	Dec. 03		Dec. 03
Mokolo Rakgole	M	2003	Health	Dec. 03		Dec. 03
Mpopoma Fikiswa	F	2003	Trade	Dec. 03		Dec. 03
Naidoo Kevin	M	2003	Resource	Dec. 03		Dec. 03
Ramprasad Harsha	M	2003	Resource	Dec. 03		Dec. 03
Sebekedi John	M	2003	Trade	June 04		June 04
Shezi Silindile	M	2003	Trade	Dec. 03		Dec. 03
Vandayar Siva	M	2003	Health	Dec. 03		Dec. 03
2002 Summary		6 M	Trade – 6			
	4 F		Health - 1			
			Resource - 3			
					1 Completed	
					1 Advanced Cert.	
Bhulose Mbongeni	M	2002	Trade	June 03	In progress	June 03
Boyce Gerald	M	2002	Resource	Dec. 02	Thesis	Dec. 02
Harinath Varsha	F	2002	Resource	Dec. 02	Thesis	Dec. 02
Hemraj Sharlin	F	2002	Resource	Dec. 02	Thesis	Dec. 02
Jitsing Amanda	F	2002	Trade	Dec. 02	Thesis	Dec. 02
Masondo Nhlanhla	M	2002	Trade	Dec. 02	Thesis	Dec. 02
Monkwe Rapula	M	2002	Trade	Dec. 02	Adv.Grad. Cert	Dec. 02
Mtantato Sabelo	M	2002	Trade	Dec. 02	Completed	Dec. 02
Naidoo Pranushka	F	2002	Health	June 03	In progress	June 03
Zondo Michael	M	2002	Trade	Dec. 02	Thesis	Dec. 02
Stellenbosch University						
2003 Summary		2 M	Trade - 4			
	4 F		Education - 2			
Essop Hassan	M	2003	Trade	Dec. 03		Dec. 03
Lesch Stanton	M	2003	Trade	Dec. 03		Dec. 03
Mackay Kara Grace	F	2003	Education	Dec. 03		Dec. 03
Mboto Nozipho Joan	F	2003	Education	Dec. 03		Dec. 03
Seameco Portia	F	2003	Trade	Dec. 03		Dec. 03
Somdaka Nomonde	F	2003	Trade	Dec. 03		Dec. 03

2002 Summary	2 M		Trade - 7		1 Completed	
	6 F		Education - 1			
Engel Kim	F	2002	Education	April. 03		April 03
Gumede Busi	F	2002	Trade	June 03		June 03
Hassan Ruqshana	F	2002	Trade	Dec. 02	Completed	Dec. 02
					Bursary for CFA study	
Marawu Zoliswa	F	2002	Trade	June 03		June 03
Modise Ntsoaki	F	2002	Trade	June 03		June 03
Seobi Sedi	F	2002	Trade	June 03		June 03
Silinga Sabelo	M	2002	Trade	June 03		June 03
Tsotetsi Kymeti	M	2002	Trade	June 03		June 03

University of Cape Town

2003 Summary	5 M		Trade - 5			
Chantithoo Amir	M	2003	Trade	Dec. 03		Dec. 03
Johnny Bongani	M	2003	Trade	Dec. 04		Dec. 04
Mabilo Gopane	M	2003	Trade	Dec. 04		Dec. 04
Maharaj Sajeel	M	2003	Trade	Dec. 04		Dec. 04
Ramkolowan Yash	M	2003	Trade	Dec. 04		Dec. 04

2002 Summary	4 M		Trade – 3			
	1 F		Labour – 2			
Chauke Jan Thabo	M	2002	Trade	June 03		June 03
Dawood Ghalieb	M	2002	Labour	June 03		June 03
Azola Majeke	F	2002	Labour	June 03	DPRU Intern	June 03
Pieterse Duncan	M	2002	Trade	June 03		June 03
Danstile	M	2002	Trade	June 03		June 03

MESP2 SUMMARY STATISTICS (cumulative, to end March 2003)

Total MESP2 Scholars: **49** (2002 intake: 23 and 2003 intake: 26)

Female MESP2 Scholars: 19 (39%)

Male MESP2 Scholars: 30 (61%)

MESP2 Scholars Completing Masters Degrees: 2

MESP2 Scholars Still Pursuing Degrees: 46

MESP2 Scholars Completing Degrees and Currently Working as Economists: 0

MESP2 Scholars Completing Degrees and Currently Working as Economists in South African Public Service (gov't, university or parastatal): 0

APPENDIX C: PROGRESS REPORTS ON HIV/AIDS STUDIES

HOUSEHOLD SURVEYS

1. Economic Policy Research Institute (USAID funded)

“A Pilot Study of the Impact of Morbidity and Mortality on Income Earning Household Economies in South Africa: A Township Case Study of Households Where Women Utilize Health Services”

Background

This is a pilot survey of 100 income-earning households (50 affected by HIV/AIDS; 50 control) in Soweto. The main aim of the study is to develop a methodology to investigate the impact of HIV/AIDS on urban household economies that can be replicated at a national level. The team is collaborating with the Free State team, who are conducting a similar study in the QwaQwa/ Welkom area, in developing this methodology.

The researchers will track changes within the households every two months over a period of a year. The results of the study will demonstrate how HIV/AIDS affects time allocation of labor in an urban household, income and expenditure patterns, the economic consequence of income shifts on surviving members and the role of inter-household obligations in the care of AIDS survivors.

The project leader is working closely with the Perinatal Health Research Unit (PHRU), at the Chris Hani Baragwanath Hospital, to recruit affected households.

Progress

Wave one data collection has been completed with 125 households interviewed (66 in the infected category and 59 households in the control group). Wave one data has been cleaned and analysis has begun. Wave two data collection has been completed except for one household that is experiencing sickness and has delayed completion. Wave three data collection has commenced and is expected to be completed by the end of May 2003 and Wave four by the end of August 2003.

The project has received several complementary grants to conduct additional analysis and capacity building for this project. Sanpad (Netherlands) has will be funding a Dutch expert on panel analysis to come to SA and train the research group, as well as other interested parties, in this field. The data obtained from this study will be used to conduct the training. Funding is currently being negotiated with Mellon Trust that will cover advanced data analysis as costs associated with conferences and journal publications. OSSREA funding is also being negotiated which will cover the analysis of gender issues for the project. In principle, the Mellon Trust and OSSREA grants have been approved.

Dissemination of Findings

- Presentation to the Department of Social Development, 18 March 2003, Pretoria
- Presentation to the CEO's on interim findings relevant to the business sector, SABCOHA, 14 May 2003, Johannesburg
- Presentation to the University of Pretoria, end of May, Pretoria
- Research Methodology workshop, 26 May 2003, Soweto

Deliverables submitted thus far

Questionnaire

Training manual

2. Center for Health Systems Research and Development (CHSR&D) (USAID funded) 'The Socio-Economic Impact of HIV/AIDS on households: Pilot Study in Thabong/Welkom and QwaQwa'

Background

This is the second year of this research project, which focuses on the socio-economic impact of HIV/AIDS on households and communities in order to determine how the disease affects the economic decisions and positions of individuals and households over time. The impact of HIV/AIDS on individuals and households is assessed by means of a longitudinal study of households affected by the disease compared with a control group of matched households unaffected by the disease. 400 households (200 affected; 200 control) will be tracked every six months over a period of 3 years. The study is being conducted in two local communities in the Free State Province, one urban (Thabong/Welkom) and one rural (QwaQwa) in which the HIV/AIDS epidemic is particularly rife.

Progress

The fourth wave of data collection was completed in November and December 2002. Coding and capturing of the data was completed at the end of February 2003. No attrition in the sample has been reported between waves III and IV. This means that 87.3 percent (or 355) of the households interviewed in wave I have been interviewed thrice more, excluding the replacement households that have been sampled for inclusion in wave IV and in subsequent waves of the project. Some preliminary analyses has been conducted with the data from the first three waves, including work for two papers on HIV/AIDS and poverty prepared for two international conferences in Durban and Manchester. A more detailed analysis of the data will be available at the end of April. Feedback workshops in the two communities and the Free State province will be scheduled for July or August 2003.

Dissemination of findings

A number of postgraduate students in the Department of Economics at UFS will be writing their scripts using data from the project, focusing on topics such as HIV/AIDS and changes in income and expenditure patterns, HIV/AIDS, social capital and the role of families and community, and HIV/AIDS and social capital. The following articles have been published and/or papers are to be read at conferences based on findings from this research:

- Booyesen, F. le R. & Arntz, T., 2002. *Children of the Storm: HIV/AIDS and Children in South Africa. Social Dynamics* (in press). [This paper includes work Tanja Arntz completed for her Masters in Development Studies degree and which formed part of the study.]
- Booyesen, F. le R., 2003. Chronic and Transitory Poverty in the face of HIV/AIDS-related morbidity and mortality: Evidence from South Africa. Paper presented at international conference on Empirical Evidence for the Demographic and Socio-Economic Impact of AIDS , HEARD, March 26-28, 2003, Durban
- Booyesen, F. le R., 2003. Chronic and Transitory Poverty in the face of HIV/AIDS-related morbidity and mortality: Evidence from South Africa. Paper to be presented at international conference on Chronic Poverty and Development Policy, University of Manchester, 7-9 April, UK.
- Presentation to the Department of Social Development, March 19 2003, Pretoria

Reference to the project was made in two newspaper articles that appeared in the Los Angeles Times.

- "AIDS inflicts a bitter toll on South Africa: 'Nothing has prepared us for the catastrophic mixture of AIDS and famine'", Los Angeles Times (Bulldog edition), January 12, 2003, page A1.
- "THE WORLD: Unrelenting tide of AIDS erodes burial traditions", Los Angeles Times (Home edition), January 12, 2003, page A1.

Deliverables

Questionnaire

Training Manual

Interim Report (following Wave I and II)

LABOR

3. Human Sciences Research Council (DFID funded)

“Developing Methodologies to Assess the Impact of HIV/AIDS on Labor Supply and the Implications for Critical Economic Sectors”

Background

The purpose of the study is to contribute to methodologies in the analysis of the impact of HIV/AIDS on economic sectors. The study will contribute to further developing approaches to economic modeling of HIV/AIDS prevalence and impact on economic sectors and develop methodologies of sector surveys. The researchers intend to examine various demographic and projection models for South Africa, their similarities and differences, and the reasons for the present controversy surrounding them. They will try to ascertain the various assumptions made by modelers and comment on their validity and plausibility.

The second phase of modeling focuses on estimating prevalence rates in economic sectors and then on zeroing-in on the sector chosen for testing. The chosen sector will be divided into four distinct socio-economic risk groups based on educational status rather than income group. The overall estimated impact would be mapped back onto households, using the census data as the source information for the assumptions and estimates. During the sector survey, the researchers will gather baseline data, so as to reduce the dependence on the demographic models and also validate the approach to economic modeling. The sector surveys would include both HIV testing and structured questionnaires to enable cross-sectional analysis.

Progress

Stephen Dike raised a number of concerns regarding this project during our meeting with the HSRC team in February 2003. Some outstanding issues which we are currently deliberating on with the HSRC relate to:

1. *Questionable ownership of the research results/data and potential constraints on dissemination of the research findings.*
2. *Survey Methodology*

The HSRC proposed the focus of the survey should be on the auto sector, which includes 2 main sub-sectors in the auto-manufacturing industry. These are, the auto assemblers (7 large manufacturers) and the auto-component manufacturing companies. In the process of contacting employers and trade unions to elicit their support for the project the HSRC received the following feedback:

- Most of the 7 auto assemblers have conducted a form of HIV/Aids prevalence assessment, either through a formal sample survey or through voluntary counseling and testing processes. In this case, the HSRC has proposed to conduct their analyses based on data gathered during these assessments. However, Stephen has raised a concern related to the standardization and comparability between these datasets as the terms of engagement, data collections instruments and protocols may have been very different for each company.
 - On the other hand, in the auto component-manufacturing sector, virtually none have conducted any prevalence assessment and are currently conducting education and awareness. The challenge here would be to obtain the ‘buy-in’ of this sector to proceed with a prevalence assessment.
3. *Unclear methodology for imputing household characteristics from the Census data into ASSA 2000 population model, which is based on individual characteristics, and vice versa.*

Dissemination of Findings

Workshop on Issues and Concerns in Modeling the Impact of HIV/AIDS on Economic Sectors in South Africa

Deliverables

1. The Relationship between Labor Market Dynamics and HIV/AIDS Prevalence: A Literature Review
2. Review of Economic Impact Studies of HIV/aids on South Africa: Preliminary Analysis

4. Development Policy Research Unit (DFID funded) **‘The Labor Market and Poverty Markers of HIV+ Households in South Africa’-**

Background

The research initiative is designed to provide an analysis of the distribution of HIV/AIDS across households as possible, using available data. Currently, there is a dearth of robust population based, household level data linking HIV status to socio-economic and demographic factors. The study will utilize the October Household Survey of 1999 (OHS99), a nationally representative household survey produced by Statistics South Africa (SSA), in conjunction with the published statistics from the Antenatal Clinic (ANC) data of the national Department of Health. The data from the ANC survey will be linked to the OHS99 data set and the research team will be able to describe and determine the labor market and poverty correlates of HIV/AIDS sufferers and the households they reside in.

Progress

The lead researcher, Haroon Borhat, was off sick for much of this quarter and, as a result, there has not been much progress in terms of verifying and matching the datasets. However, the team has received the ANC data set from the Department of Health. The team has requested an extension for completion of the project through February 2004, which is being considered by the Joint Center.

EDUCATION

5. Health and Development Africa (DFID funded)

“Quantifying the Impacts of HIV/AIDS on the Education System at Local Level: School Survey”

Background

The project will seek to quantify and understand the impacts of HIV/AIDS on education. Schools and school communities are critical points of intervention in South Africa. The main aims are to quantify and describe the strengths, weaknesses and areas of vulnerability of schools in functional areas in which HIV/AIDS is likely to impact, to quantify currently experienced level of impacts of HIV/AIDS at local level; to describe current responses and priorities for response and to identify local level sites and baseline data which can be used for ongoing surveillance of behavioral and other markers of HIV/AIDS risk and impact.

Progress

HDA received a letter of endorsement from the Director General of the National Department of Education in early April 2003.

On recommendation from the Department of Education, the survey will be conducted in two (Free State and Limpopo), instead of three provinces. The sample has been drawn from a database, provided to HDA by the National DoE, of schools in each province.

The literature review and questionnaires have been submitted and comments by the TA team on the questionnaire are currently being incorporated. The revised questionnaire will be submitted to the Joint Center by 26 April 2003. Fieldwork will commence in May 2003 with training of enumerators scheduled for 3 May 2003.

Deliverables

1. The Impact of HIV/AIDS on Education at School Level: A Review and Synthesis of Literature
2. Questionnaire

6. Center for Health Systems Research and Development (CHSR&D) (USAID funded) 'The Impact of HIV/AIDS on the University of the Free State: Impact, Magnitude, Implications and Management'

Background

The project aims to determine the magnitude of the impact on, and the implications of the HIV/AIDS epidemic on the University of the Free State (UFS). This study will focus on the existing UFS campus as well as the two campuses (UniQwa and Vista) to be integrated with UFS according to the National Plan for Higher Education. Organisation's responses to HIV/AIDS have three elements, namely management strategies, workplace programmes, and community participation (Health Economics and HIV/AIDS Research Division, 2000). The research will inform all three of these responses, based on the results of the institutional audit, cost analyses and modelling exercises that forms part of the project.

Progress

The research team conducted two focus groups with academic staff (18 and 19 February 2003) and one workshop with stakeholders from community-based and non-governmental organizations working in HIV/AIDS (26 February 2003) with a view to exploring the perceptions and needs of these groups of stakeholders regarding the impact of HIV/AIDS on students/employees and the University's response to the epidemic.

The epidemiological modeling and costing analysis, together with the findings from these focus groups and the other analyses will feed into the consultative workshop to be conducted with various groups of stakeholders in April 2003.

Two or three black researchers in Qwaqwa have been identified that can run the project on the Qwaqwa campus. Members of the research team these researchers and it is hoped the study will commence on this campus in April. At this point in time, the merger with Vista's campus in Bloemfontein has not been raised again. As explained in the original research proposal, the study will only move the study to this campus once clarity has been reached about the nature of the merger and the timelines for this process.

The literature study was completed in April with the assistance of two Masters students in the Department of Economics.

Dissemination of Findings

Consultative Workshop with Stakeholders, end April 2003, Bloemfontein.

Deliverables

Focus group questionnaires

The Impact of HIV/AIDS in Higher Education: A Literature Study

OTHER AREAS

7. Craig Hunter (USAID funded)

‘Cooperating Against HIV/AIDS: An Analysis of the Economic Viability of Cooperation between Izinyanga and Provincial Health Care Providers in KwaZulu Natal, South Africa’

Background

The research will seek to determine whether pursuing greater cooperation between traditional healers, specifically Inzinyanga, and the KwaZulu Natal Department of Health is more economically viable in dealing with HIV/AIDS, from the provincial viewpoint, than is simply investing in provincially owned health clinics. The research will utilize models of previous cooperation as well as models of non-cooperation combined with economic analysis of the experienced and projected costs of both cooperation and non-cooperation.

Progress

The literature review and questionnaire have been completed and data collection with Inzinyanga in KZN will commence in May.

Deliverables

Literature Review

Questionnaire

8. IDASA- Budget Information Service (AusAID funded)

‘Effective Mechanisms for Transferring Funds to Provinces for HIV/AIDS Interventions’

Background

This will be a continuation of last year’s study, which centered on how Government was responding to the challenge of HIV/AIDS through the conditional grant system. The study aims to produce explicit recommendations to the National Treasury on how to improve the effectiveness of government resources spent on HIV/AIDS. It aims to do this by assessing the success of the ‘targeted increase’ mechanism, studying the feasibility and desirability of including HIV/AIDS in the horizontal split formula for the equitable share and conduct a detailed investigation of the obstacles to spending on conditional grants at provincial level.

Progress

The researchers have completed their desk study of the national and provincial budgets. It focuses on the spending record on the conditional grants, and also reviews HIV/AIDS specific allocations in all the provincial budgets. The researchers have conducted interviews with National Treasury and with representatives from the Departments of Education, Health and Social Development in eight provinces. Interviews in the Western Cape are ongoing.

Dissemination of Findings

IDASA ran a training program for the Health Portfolio Committee in Parliament on HIV/AIDS expenditure and budgeting on 10 March 2003. Preliminary results from this project were also presented on the 10th. They will be doing a follow-up presentation to the Committee within the next couple of months. An Advisory Group meeting is being planned for 4 June 2003. IDASA Budget Briefs will be released on this study shortly after analysing the data collected.

Deliverables

HIV/AIDS Conditional Grant Spending and Provincial HIV/AIDS Allocation: Summary of Findings from Initial Desk Study

APPENDIX D: SEGA RESULTS REPORTING FOR USAID

Table D1. Short-term Training Activities, October 2002 – March 2003

21 October – 8 November 2002	<i>The World Bank/Federal Reserve Board Seminar for Senior Bank Supervisors from Emerging Market Economies,</i> World Bank/Federal Reserve, Washington DC	Mr Nkosana Mashiya, National Treasury
28 October- 22 November 2002	<i>Analyzing Labor Statistics,</i> US Bureau of Labor Statistics, Washington, DC	Mr. James Serwadda-Luwaga, Statistics South Africa
28 October- 8 November 2002	<i>Managing Statistical Programs,</i> US Bureau of Labor Statistics, Washington, DC	Mr. Alfred Ngwane, Statistics South Africa
26 – 30 October 2002	<i>Society of Research Administrators Conference,</i> Orlando Florida	Prof. Johann Groenewald, SARIMA
28 October - 15 November 2002	<i>HEARD – HIV/AIDS Workshop, Durban</i>	Ms Percy Moleke, HSRC Ms. Jocelyn Vass, HSRC Ms. Alison Hickey, IDASA Mr. Richard Tomlinson Ms Veni Naidoo Mr. Craig Hunter
31 October – 10 November 2002	<i>29th Annual Conference on International Antitrust Law and Policy,</i> Fordham University Plus site visit to meet with representatives of the US Department of Justice and the Federal Trade Commission	Judge Dennis David, Competition Appeal Court Judge Thabani Jali, Competition Appeal Court Judge Ismail Hussein, Competition Appeal Court Judge Marumo Moerane, Competition Tribunal Judge Urmila Bhoola, Competition Tribunal Judge David Lewis, Competition Tribunal
4 – 8 November 2002	<i>Performance Budgeting Course,</i> UCT	Mr Mahesh Fakir, National Treasury Ms Thandiwe Mokoyane, Gauteng Prov. Treasury Mrs Nomfundo Tshabalala, Finance & Econ. Affairs Mr Ghalib Tombey, Dept of Finance Mrs Lungelwa Motseoa, Finance & Econ. Affairs
11 – 15 November 2002	<i>Performance Budgeting Course,</i> UCT	Ms Mymoena Abrahams, National Treasury Ms Ogalaletseng Gaarekwe, Dept. of Finance Mr Rigard Lemmer, National Treasury Mr Ntengo Mayekiso, Dept of Finance Mr Bakang Moea, Dept of Finance Mr Rabeng Tshukudu, Finance & Econ. Affairs
4-22 November 2002	<i>Capital Markets—Development and Regulation,</i> International Law Institute, Washington, DC	Ms. Samantha Anderson, National Treasury
8 – 11 December 2002	<i>7th Annual International Summit on Public Private Partnerships,</i> Miami Beach, Florida	Mr Shadrack Shuping, Free State Provincial Health Department (at request of National Treasury)
5 – 9 February 2003	<i>Association of University Tech Managers Conference,</i> Orlando, Florida	Dr Tony Heher, SARIMA Mr Vuyani Lingela, Department of Science & Technology
26 – 28 March 2003	<i>Symposium on Delivering Land and Securing Rural Livelihoods,</i> Nyanga, Zimbabwe	Ms Carmen van der Merwe, Dept. of Land Affairs Mr Sibongile Makopi, DLA Mr Chris Schalkwyk, DLA

SHORT-TERM TRAINING SUMMARY STATISTICS:

Total Trained (October 2002 – March 2003): 34

Women: 12 (35 %)

Men: 22 (65 %)

Table D2. Government Partners: Directorates Strengthened through Direct Research Assistance or Training

<u>Department</u>	<u>Directorate</u>	<u>Activity</u>
1. National Treasury	Macroeconomic	modelling, rand volatiliiy
2.	Financial Regulation	Short-term Training
3.	PPP Unit	Peter Aborn
4. DTI	Chief Economist	AGOA Clothing
5.	International	SAIIA
6.	Executive Management Unit	Peter Aborn
7.	Consumer and Regulatory Affairs	MFRC, IP, Corporate Law
8. Office of the Presidency		Interns
9. MFRC		Research
10. Dept. of Science and Technology		SARIMA
11. Dept. of Land Affairs	Tenure	
12. Parliament		APAC, training
13. Dept. of Soc. Devel.	Population Unit	Workshop (HIV/AIDS)
14. Dept. of Pub. Enterp.	Strategy	Haroon study
15. Stats South Africa		Short-term Training
16. Competition Tribunal		Short-term Training

Table D3. Policy Studies Completed for Government (SEGA direct)

<u>Report Title</u>	<u>Client</u>
1. A Market Research Report: Credit Law Review	MFRC
2. <i>The South African Journal of Economics: Special issue on HIV/AIDS</i>	-HIV/AIDS research
3. Assessing the Potential for South African Clothing Export to the U.S.	DTI, Chief Economist
4. The Cost, Volume and Allocation of Consumer Credit in South Africa	MFRC
5. The Benefits of Natural Resource Rehabilitation: The Case of Woodlands in Limpopo Province	- Carbon Sinks
6. Selection of Tree Species for Rehabilitation of Woodlands in Limpopo Province - Carbon Sinks	
7. Memo on Pay Day Lending	MFRC

Table D4. Research Produced by NGOs, Universities and Others (Joint Center)

<u>Report Title</u>	<u>Author</u>
1. The Relationship between Labour Market Dynamics and HIV/AIDS Prevalence	Jocelyn Vass, HSRC
2. Review of Economic Impact Studies: A Preliminary Analysis	A.M van den Heever, HSRC
3. HIV/AIDS Conditional Grant Spending and Provincial HIV/AIDS Allocation	Nhlanhla Ndlovu and Alison Hickey, IDASA
4. The Impact of HIV/AIDS on Education at School Level: A Review and Synthesis	HDA
5. The Impact of HIV/AIDS on Higher Education	CHSR&D

Table D5. Research Produced by the University of the Western Cape

#	Author	Report Title
1.	Adams, I (faculty)	The Morality of Corporate Governance: Issue of Quality and Quantity
2.	Huda, S (faculty) & Ashafa, S (MCom)	Exchange Rate Misalignment and International Trade Competitiveness: A Cointegration Analysis for South Africa

Masters and Honours papers also produced.

Table D6. Outreach by the University of the Western Cape's fadtru

Workshop Title	Location	Date	Client	#	Length
Economic Literacy Workshop	Nelspruit	22-24 Oct	Prov. Depts.	35	3 days
Economic Literacy Workshop	Bloemfontein	12-14 Nov	Prov. Depts	24	3 days
Project Appraisal Analysis, I	UWC	Feb	E.Cape Ag Dept	17	5 days
Project Appraisal Analysis, II	George	March	E.Cape Ag Dept	17	5 days
BIG Conference	Spier	Oct		30	1 day
TOTAL PERSON DAYS OF TRAINING					377

Note: This excludes the Summer School at UWC and training for Parliamentarians through EPRI (EOC funded)