



# **USAID** | **SOUTH AFRICA**

FROM THE AMERICAN PEOPLE

GENERAL MANAGEMENT ASSISTANCE CONTRACT (GMAC)  
**Contract No: 674-C-00-01-00051-00**  
MTI Contract No. 0078-0802-CA, Work Order #9

**Strategic Objective Close Out Report**  
**USAID/South Africa Strategic Objective 5: Increased Access to**  
**Financial Markets for the Historically Disadvantaged Population**

**Final Draft**

**May 2005**

This report was produced for review by the United States Agency for International Development. It was prepared by Jan Rockliffe-King under Mega-Tech, Inc.'s prime contract and addresses USAID/South Africa's Strategic Objective No. 5 Increased Market-Driven Employment Opportunities

Please direct all queries regarding this report to:

Mega-Tech/South Africa  
Bank Forum Building  
Lobby 1, Second Floor  
337 Veale Street  
New Muckleneuk  
0181 Pretoria RSA  
Tel. 012 452 0060  
Fax 012 452 0070  
Email [megatech@intekom.co.za](mailto:megatech@intekom.co.za)

Or

Mega-Tech, Inc.  
180 South Washington Street, Suite 200  
Falls Church, VA 22046  
Tel. (703) 534-1629  
Fax (703) 534-7208  
Email [info@mgtech-world.com](mailto:info@mgtech-world.com)

## **Abstract**

This report was compiled to comply with the requirements of ADS ADS 203.3.11, “Strategic Objective Close Out Reports”. The report covers USAID/South Africa’s Strategic Objective 5 program “Increased access to financial markets for the historically disadvantaged population”, implemented between FY 1996 and 1999. The report summarizes the SO’s program, its objectives, implementing partners, finance, major accomplishments and lessons learned.

## Table of Contents

	Page
<b>1. Introduction and Background</b>	<b>2</b>
<b>2. Strategic Objective 5 Basic Identifying Information</b>	<b>3</b>
<b>3. Strategic Objective 5 Total Costs and Counterpart Contributions</b>	<b>3</b>
<b>4. Principal Implementing Partners, Major Activities and Major Outputs</b>	<b>4</b>
<b>5. Summary of Strategic Objective 5 Program Impact</b>	<b>6</b>
<b>6. Long-Term Sustainability of Impact and Principal Threats to Sustainability</b>	<b>6</b>
<b>7. Lessons Learned for Application to the Follow-On SO</b>	<b>7</b>
<b>8. Summary of Performance Indicators and Assessment of Usefulness in Performance Management Reporting</b>	<b>7</b>
<b>9. Significant Changes in the Results Framework During the Life of SO5</b>	<b>11</b>
<b>10. List of Evaluations and Special Studies During the Life of SO5</b>	<b>11</b>
<b>11. List of Instrument Close Out Reports for Contracts, Grants and Cooperative Agreements</b>	<b>12</b>
<b>12. Contact Details for Individuals Involved in Strategic Objective 5</b>	<b>12</b>
<b>Table 1: SO 5 Contractors and Grantees, Activities and Outputs</b>	<b>4</b>
<b>Table 2: Summary of SO5 Performance Indicators, Targets and Result</b>	<b>8</b>

## 1. Introduction and Background:

Strategic Objective 5 (SO5), “Increased Access to Financial Markets for the Historically Disadvantaged Population” was approved as part of USAID/South Africa’s Country Strategic Plan (CSP) for the period 1996-2005. SO5 was one of six strategic objectives supporting the accomplishment of the CSP goal of “Sustainable Transformation” and sub-goal of “Political, Economic and Social Empowerment”.<sup>1</sup>

SO5 began at a time of post-apartheid transition. During the apartheid era the Mission had functioned under the Comprehensive Anti-Apartheid Act (CAAA) which, among other things, prohibited it from obligating funds to the apartheid government of South Africa or to any entity supported by the SA Government including all agencies of national and provincial governments, parastatals, many NGOs and most educational institutions.

At the same time, as the end of apartheid became evident, Mission funding levels had increased enormously. From the late 80’s, and exponentially in the early 90’s, the Mission faced the problems associated with obligating large sums to direct contracts and grants with US firms and PVOS and to numerous struggle NGOs with varying competence in grants management. Equally, until it began to receive Development Fund for Africa, (DFA) funds, the Mission had not been required to establish a particularly directed strategic framework and performance monitoring plan. CAAA’s requirements had been simply that funds support the peaceful demise of apartheid. The upshot was that at the time of the development of the CSP FY 1996 – 2005, the Mission’s program consisted for the most part of large, compendium projects encompassing numerous grants with large pipelines.<sup>2</sup> The first bilateral agreement with South Africa was only signed in August 1995.

SO5 began early in the new dispensation, albeit with leftover issues from the previous era of operation. The CSP for FY 1996 – 2005 had a more specific goal and more defined SOs whose results would be tracked against established performance indicators. The Mission was also able to streamline obligations through use of bilaterals. However, implementation through bilaterals proved to be a challenge for the Mission and the new SA Government, and SO5 continued to channel most assistance through grants to SA NGOs and grants and contracts to US firms and PVOs. In addition, SO5 also inherited a number of direct grants and contracts with significant pipelines whose objectives needed some refocusing to meet the needs of South Africa’s transformation.

Throughout its life, SO5’s direction and activities were planned to achieve maximum collaboration, synergy and impact with those of Strategic Objective 4 that also aimed at

---

<sup>1</sup> USAID/South Africa’s previous country strategy’s goal was to “increase the majority population’s political, economic and social empowerment.” The strategy was supported by four SO’s: 1) SO1 “Disadvantaged population participates more fully in the political development and governance of a democratic, human rights-based South Africa”; SO2 “Help establish a more equitable and effective education system”; SO3, the private sector development SO, “Increase opportunities for asset ownership and economic integration for the historically disadvantaged”; and SO4 “Support development of a system providing integrated primary health care services to the majority population”. SO3 also incorporated shelter, urban development and environment projects. Most SO3 activities, excluding those specifically focused on economic policy development and on shelter, urban development and environment, were carried over to support SO5.

<sup>2</sup> In September 1994 a team from Management Systems International (MSI) working on establishing performance monitoring plans and systems determined that there were over 350 active grants in the Mission portfolio.

economic development through improving the capacity of government and civil society for economic policy planning, evaluation and implementation, and with those of Strategic Objective 6 that aimed to improve access to shelter and municipal services for the historically disadvantaged. Given the dynamic pace of change in South Africa in the first years of democracy, the CSP was amended in 2000 and the economic development objective encapsulated in SO5 was redirected to focus on increasing employment opportunities.

In compliance with the requirements of ADS 203.3.11, “Strategic Objective Close Out Reports”, this report presents a summary of the SO5 program, its objectives, partners, finance, major accomplishments and lessons learned.

## **2. Strategic Objective 5 Basic Identifying Information:**

Strategic Objective Name: Increased Access to Financial Markets for the Historically Disadvantaged

Strategic Objective Number: Strategic Objective 5

Approval Date and Time Frame: 05/22/97. USAID/South Africa’s CSP 1996 – 2000, SO5 was not approved until May 1997 and the Mission’s Congressional Presentation (CP) for FY 1996 presented a program based on the earlier strategy. Nonetheless, the Mission began tracking and reporting on SO5 results in FY 1996. This report will thus assume a four year time frame for SO5 – FY 1996 through FY 1999 at which time the employment SO replaced SO5.

Geographic Area: Republic of South Africa

## **3. Strategic Objective 5 Total Costs and Counterpart Contributions:**

SO5 Costs by USAID Funding Accounts: The USAID accounting systems functioning during the life of SO5 do not allow us to determine how much was spent on SO5 activities. SO5 was implemented before USAID financial systems were structured to account for funds by strategic objective. According to records in USAID/South Africa’s MACS, all of SO5’s activities were funded under the Black Private Enterprise Development Project (BPED, 674-0303) that began in 1987. As noted above, a number of the BPED activities that supported SO5 began implementation several years before SO5 was approved. In most cases some funds committed to these activities remained in their pipelines at the start of SO5 and were then spent out on SO5 activities. Further, at the end of SO5, committed funds in pipelines of SO5 activities that carried over into SO9 were then spent on the employment objective.

MACS reports for the period do not separate costs by SO, but rather by project – a project which spans three sequential strategic objectives. Furthermore, MACS does not provide us with information on SO5 costs spent through AID/Washington managed programs such as SAEDF, the LPG, or on costs for such things as IAAs. No other documentation in the Mission or that the Mission has been able to obtain from archives provides this cost information. *[Joann, it would be reasonable here – if it is available from PRO – to provide the amounts obligated from FY 96 – 99 for SO5.]*

Counterpart Contributions:

Other Partner Resources: *[Again, I've no information on this from any source on counterpart or "other partner resources" (whatever that means). Unless PRO has some magic documents, best to drop these two.]*

#### 4. Principal Implementing Partners, Major Activities and Major Outputs:

Other Partners: Major USAID-funded contractors and grantees, their activities and major outputs supporting SO5 are summarized in Table 1, below. As indicated in the table, a number of activities were begun under SO3's Black Private Enterprise Development Project (BPED 674-0303), and some continued to support the follow-on employment SO.

<b>Table 1: SO 5 Contractors and Grantees, Activities and Outputs</b>		
<b>Partner</b>	<b>Activity</b>	<b>Major Outputs</b>
ACDI/VOCA CA; 674-A-00-98-00056	Improved Micro-enterprise Access to Liquidity (IMALI)	Institutionalized village banks in 6 provinces; 6 financial services cooperatives (FSCs) formed.**
Chemonics Contract; 67400303-C-00-1064	Black Integrated Commercial Support Network (BICSN)	TA in deal making, joint ventures, empowerment deals; leveraged quasi equity. 198 HD firms tendered for R82.6 m in contracts. R127.2 m in contracts facilitated with 299 firms.*
Corporate Council on Africa/sub-contract ECI/Africa CA; 674-A-00-98-00047-00	South African International Business Linkages (SAIBL)	Promoted \$21.9m in viable business linkages between HD SMEs and larger firms resulting in increased trade and investment and transfer of technology.**
Deloitte & Touche IQC; PCE-I-00-97-00016 D.O. 800	Growth Equity and Redistribution Privatization Project (GEAR PP)	Assisted HDs to advance bids for state-owned assets; 14 transactions leveraged \$37 m for HD purchases of state assets.* & **
Department of Trade and Industry Bilateral Agreement No. 674-0303-G-00-5046	DTI Bilateral	Developed Strategy for Development and Promotion of Small Businesses; built DTI capabilities in industrial and trade policy formulation; strengthened SME institutions; and undertook investor targeting studies.* & **
Eccles Associates Contract; 674-0303-C-00-6088	Equity Access Systems (EASY)	Improved access to long term risk capital; 29 deals completed; \$17.3 million leveraged**
Get Ahead Financial Services Grant; 674-0303-G-SS-7080	Get Ahead	Provided microfinance to growth-oriented microenterprises*
Institute for International Education Various instruments		Participant training*

<b>Partner</b>	<b>Activity</b>	<b>Major Outputs</b>
International Foundation for Education & Self Help CA; 674-0303-A-00-6074	IFESH Financial Services Training Project	Trained junior and mid-level HD bankers; 33 trained
Micro and Small Services Enterprise Project (MSSE)	MSSE	\$4 m LPG program to mobilize credit through formal banking sector; \$30 m in loans; support to bankers and HD entrepreneurs.*
Ministry of Public Enterprise; Bilateral Agreement: SO5AG-674-0303	MPE Bilateral	Assistance to advance restructuring of State assets; policy formulation and implementation*
National Industrial Chamber CA; 674-0303-A-00-5043	Business Linkages for Under-Utilized Enterprises (BLUE)	Assisted 198 HD firms tender for R82.6 m in contracts. R127.2 m in contracts with 299 firms*
PACT CA; 674-0303-G-00-3128		Provided SMME business development services (BDS)*
Phoenix Venture Partners Contract; 674-0303-C-006089	Equity Access Systems (EASY)	Improved access to long term risk capital; 14 deals completed; \$11.3m leveraged
Small Business Loan Portfolio Guaranty Program; Global Bureau	LPG	\$17.7 m in loans made available to over 4,500 HD SMEs; 8 RSA banks participated*
Southern Africa Enterprise Development Fund (SAEDF); Buy-in	SAEDF	Provided finance, equity/quasi-equity for HD SMMEs; \$30 m provided for RSA investment**
U.S. Department of Agriculture IAA (632a) (US-SA Bi-National Commission)	Village Banks	Village bank pilot; 3 established; Reserve Bank exemption from Banks Act to allow registration as Financial Services Cooperatives**
U.S. Department of Commerce IAA (US-SA Bi-National Commission)		Initiative with DTI and Council for Scientific and Industrial Research (CSIR) to promote US-SA business linkages through technology exchanges.
USSALEP CA; 674-0303-G0SS-9062	US-South Africa Leadership Exchange Program USSALEP	Short-term training in business and finance best practices for 72 HD business/financial sector leaders*
Volunteers in Technical Assistance (VITA); Contract; 674-0303-C-00-6092	Micro-Enterprise Support Project (VITA)	Provided finance to growth-oriented microenterprises. Disbursed 453 loans worth \$11.9 m.
World Education Contract; 674-0303-C-00-6093	Micro-Enterprise Support Project (Ntinga)	TA/training to MFIs to increase outreach and cost recovery. 8 MFIs assisted; 340 staff trained

\*Activity was initiated prior to FY 1996 under SO3's BPED Project 674-0303.

\*\*The activity continued under the successor SO9 with additional outputs and impact. The outputs listed above are those achieved under SO5 funding only.



Other Donors: Principal donors in SMME development in South Africa during the period of the Strategic Objective were Denmark, the European Union, the United Kingdom, Norway, Sweden and the World Bank and IFC.

### **5. Summary of Strategic Objective 5 Program Impact:**

To determine program impact one must view the SO5 program in the context of the South African economy. South Africa has been characterized as a “First World/Third World” nation. Its economy is large and fairly robust, but the fruits of it have historically been available only to a few. Given the length of the program and the size of its investment, SO5 had considerable impact in increasing access to finance for the historically disadvantaged. Over the life of the SO nearly 70,000 HD SMMEs were assisted to obtain loans and equity valued at \$98.6 million. With USAID assistance over 300 HD SMEs successfully tendered for large contracts valued at over R93 million. A further R335 million in corporate assets were made available through USAID-supported equity and quasi-equity deals.

However, SO5’s largest impact was in privatization and restructuring of state-owned assets and in support to policy reform. A very early success occurred when SO5’s support helped to advance South Africa’s first privatization transaction – the sale of a 30 percent equity stake of the telecommunications parastatal to an international investment consortium. USAID invited key labor union officials to an intensive workshop on deregulation/privatization in telecommunications which they acknowledged favorably reshaped their understanding of privatization and ultimately led to union approval of the \$1.2 billion transaction.

Subsequently, SO5 initiatives assisted HDIs to advance their bids for ownership of a large government-owned hotel/resort group, and for a private company to manage the national airports. Its activities also assisted many rural farming groups to acquire state-owned agricultural resources. SO5 support in policy analysis and formulation and in the practicalities of deregulation and restructuring of state-owned assets contributed significantly to South Africa’s approaches to privatization.

### **6. Long-Term Sustainability of Impact and Principal Threats to Sustainability:**

SO 5 supported equitable economic development in the early years of South Africa’s democratic transformation. The most obvious threat to long-term sustainability of SO5’s economic objectives is South Africa’s legacy of massive economic and social inequality enforced through historic political and social oppression. In order for the goals of economic advancement for the black majority embodied in SO 5 to be achieved, South Africa must, in a relatively short time, establish a more level playing field in all spheres for its people.

To do so, it must consolidate democracy, continue along a balanced path of economic reform while maintaining a robust economy and vibrant private sector. It must also expand its skills base through wider and better training and education opportunities, and effectively deal with the scourge of HIV/AIDS. In the near term it must significantly reduce unemployment. Unemployment, resultant poverty and continued inequality have potential to derail South Africa’s development.

## **7. Lessons Learned for Application to the Follow-On SO:**

Lesson One: The most significant lesson learned was that, while improving access to financial markets for the historically disadvantaged was an important element in South Africa's transformation with equity, it was overshadowed by the issue of unemployment. In the third year of SO5's implementation USAID/South Africa concluded that its private sector program must take a broader approach to produce rapid increases in equitable, market-driven employment. In short, increasing participation by the historically disadvantaged in the formal economy needed to start with jobs.

In FY 2000 the Mission revised its private sector objective to "Increased market-driven employment opportunities in the small, medium and micro-enterprise (SMME) sector" (SO9), supported by two Intermediate Results, "More rapid growth of SMMEs", and "Increased commercial viability of existing small and medium agribusiness".

Lesson Two: Further, SO5 implementation made clear that although improved access to capital markets for the historically disadvantaged SMMEs was important to their growth, it was only one part of the equation. In addition to promoting access to finance, the follow-on employment SO has emphasized increased access to markets, technology and business development services (BDS), and improvements in the enabling environment as a means to achieving SMME growth and job creation.

Lesson Three: The Business Linkages for Under-Utilized Enterprises (BLUE) and the South African International Business Linkages (SAIBL) were extremely successful in growing HD SMMEs by garnering access to markets, technology and finance through linkages to established corporate counterparts. The largest activities in the follow-on SO make extensive use of business linkages to expand SMMEs.

Lesson Four: SO5 had very little success in drawing the formal banking sector into SMME finance, despite a robust loan guaranty program and a variety of other strategies. While 8 banks nominally participated in the LPG, lending was limited. Even with LPG and technical back-up, banks simply considered the risk level and management costs too high to deal with lower income clients and first-time borrowers.<sup>3</sup> In the follow-on SO, USAID/South Africa micro and small lending programs have concentrated on second tier financing through village banks, financial services cooperatives and the like.

Lesson Five: Program implementation through the two bilaterals, with the DTI and the MPE, was agonizingly slow. Initial attempts to operate through host country contracting proved too complex as the new Government of South Africa, dealing with donors for the first time, grappled with AID implementation requirements. These bilaterals were two of the first USAID/SA undertook with the new Government of South Africa. In subsequent bilaterals, USAID and the RSA found less cumbersome methods of implementation.

## **8. Summary of Performance Indicators and Assessment of Their Usefulness in Performance Management Reporting:**

---

<sup>3</sup> In the 10 years since democracy, the banks' skittishness about dealing with lower income clients and small borrowers has lessened, and, indeed banks have come to realize the vital importance of bringing lower income and previously unbanked people into the formal banking. In 2004 the RSA Government and the formal banking sector negotiated and agreed a "Banking Charter" under which banks are making efforts and developing a number of creative products to bring the previously unbanked into the formal sector.

Summary of Performance Indicators: Table 2, below, provides a summary of SO5 performance indicators, targets and results. The indicators are those of the SO5 Results Framework approved by AID/Washington on May 22, 1997. The planned and actual results are taken from the last Results Review and Resource Request (R4) or last Mission-level SO implementation report in which the indicator results were reported.

<b>Table 2: Summary of SO5 Performance Indicators, Targets and Result</b>		
<b>SO5: Increased Access to Financial Markets for the Historically Disadvantaged Population</b>		
<b>Indicator</b>	<b>Planned 1997</b>	<b>Actual 1999</b>
Number of microenterprises accessing loans through USAID-supported programs	45360 (R4 02)	68427 (R4 02)
Number of loans made to microenterprises through USAID-supported programs	41000 (R4 00)	51150 (R4 00)
Value of loans made to microenterprises through USAID-supported programs	R53m (R4 00)	R15m (R4 00)
Number of small and medium enterprises accessing financing through USAID-supported programs (including debt and equity financing)	127 (R4 00)	285 (R4 00)
Value of loans and equity to small and medium enterprises through USAID-supported programs	\$60.5m (R4 02)	\$83.62m (R4 02)
National Empowerment Fund established to help finance business start-ups, expansions, by-outs and participation in privatization by HDP	NEF operational (R4 00)	NEF concept announced (R4 00)

<b>IR 5.1: Improved Policy Environment to Facilitate Access to Capital for Historically Disadvantaged Informal and Microenterprises</b>		
<b>Indicators</b>	<b>Planned 1997</b>	<b>Actual 1999</b>
SME finance policies implemented	Khula operational; Usury Act amended (R4 00)	Khula operational (R4 00)
Affirmative procurement policies implemented	Affirmative procurement legislation passed (R4 00)	Green paper issued FY 1997 (R4 00)
How institutional framework for SME development implemented	Small Business Act passed; NEPA/NSBC functioning; Khula capitalized (R4 00)	All targets met (R4 00)
Village banks registered as legal entities	VB registered. Exemption for VB to make loans. (R4 00)	

<b>IR 5.2: Improved Capacity of the Financial Sector to Service Historically Disadvantaged Informal and Microenterprises</b>		
<b>Indicators</b>	<b>Planned 1997</b>	<b>Actual 1999</b>
Loan capital leveraged for microfinance institutions (in US dollars)	\$7 m (R4 00)	\$5.4 m (PIR 10/1/98-03/31/99 )
Number of USAID-assisted microfinance providers	29 (R4 00)	5 (R4 00)

<b>IR 5.3: Improved Capacity of Historically Disadvantaged Informal and Microenterprises to Respond to Financial Market Requirements</b>		
<b>Indicators</b>	<b>Planned 1997</b>	<b>Actual 1999</b>
Number of USAID-assisted non-financial service providers delivering new or improved services	39 (R4 00)	14 (PIR 10/1/98-03/31/99)

<b>IR 5.4: Improved Policy Environment to Facilitate Access to Capital for Historically Disadvantaged Informal and Microenterprises<sup>4</sup></b>		
<b>Indicators</b>	<b>Planned 1997</b>	<b>Actual 1999</b>
Black Business Manifesto promoted		
Small Business Enabling Act implemented		
National and provincial affirmative procurement policies implemented		
Investment South Africa established; national and provincial strategies for investment promotion developed and implemented		
Enabling law for restructuring State Owned Enterprises promulgated		

<sup>4</sup>IR5.4 and its indicators were approved 22 May 1997, but were never reported on. However, the targets of these indicators of improved policy environment were all achieved by FY 1998 according to SO5 program implementation reports.

<b>IR 5.5: Improved Capacity of the Financial Sector to Service Historically Disadvantaged Small, Medium and Large Enterprises</b>		
<b>Indicators</b>	<b>Planned 1997</b>	<b>Actual 1999</b>
Value (in rands) of corporate assets made available through USAID-supported equity and quasi-equity deals	R340 m (R4 00)	R335.6m (R4 00)
Value (in rands) of corporate assets made available through privatization	R252 m (R4 00)	R5.7 billion (R4 00)
Number of bankers and financial professionals trained to assist the SME sector to access financing	350 (R4 00)	163 (117m/46f) (R4 00)
Number of local investment banking firms using in-house capacity to provide privatization expertise	2 (R4 00)	0 (R4 00)

<b>IR 5.6: Improved Capacity of Historically Disadvantaged SMMEs to Respond to Financial Market Requirements</b>		
<b>Indicators</b>	<b>Planned</b>	<b>Actual</b>
Number of historically disadvantaged small and medium firms successfully tendering for large contracts	60 (R4 01)	307 (R4 01)
Value of contracts obtained through USAID supported linkages	R28 m (R4 02)	R93.7 m (R4 02)
Number of equity and quasi-equity deals intermediated by USAID	74 (R4 00)	13 (R4 00)

Assessment of Indicator Usefulness in Performance Management Reporting: During its reporting life, Strategic Objective 5 and its Intermediate Results (IRs) did not change. However, indicators and targets were unstable, changing frequently between FY 1996 (one year before official SO approval) and mid-FY 1999 when the employment results framework came into play.<sup>5</sup> In its R4s to Washington, SO5 reported only once on the indicators set forth in the approved CSP FY 1996 - 2000. During FY 1997 the SO reporting framework was revamped, rationalizing indicators at the SO and IR levels in order to better communicate results of portfolio implementation. The revised results framework was fully reported on in the R4 of that fiscal year.

However, by FY 1998, the SO Team tracked and reported on only a small set of indicators for its R4 – two at SO level and two for IR 5.6. “Improved capacity of historically disadvantaged small, medium and larger enterprises to respond to financial market

<sup>5</sup>The R4 2002 reported SO5 results for FY 1999 using only four indicators drawn from the approved Results Framework. However, internal semi-annual implementation reports show that by early FY 1999 the private sector SO had, at least unofficially, changed focus. The new SO (eventually approved in June 2000) was “increased market-driven employment”, to be achieved through growth of rural and urban SMMEs, by increasing their access to markets, trade and finance, enhancing capacity through BDS, and formulating an enabling policy environment.

requirements”. The likely reasons for honing indicators were: 1) that AID/Washington reduced its reporting requirements to only a few indicators; and 2) that these four indicators<sup>6</sup> best captured the achievements of SO5’s most successful activities, and were most indicative of increased access to finance for the historically disadvantaged.

Evidence gleaned from semi-annual reports for FY 1998 and FY 1999, shows that SO5 tracked most of its results framework indicators (whether reported to Washington or not) as useful markers of specific activity output and progress. However, this is not true for most of the indicators related to policy formulation and change. Indicators for IR 5.4, “Improved policy environment to facilitate access to capital for historically disadvantaged informal and microenterprises”, were never tracked or reported, presumably because SO5’s initial policy goals were achieved very early in the SO, and because the use of numeric or “yes/no” indicators to track and report major policy evolution proved to be too simplistic. Rather, SO5 reported in depth in descriptive text on program accomplishments in the policy sphere.

Targets for indicators occasionally changed, usually because activities contributing to them either were added (increased targets) or dropped (reduced targets). Finally, some SO5 indicators (and targets) continued to be tracked under the new employment SO, as appropriate measures of the employment program at SO and IR level. It would appear that SO5 (and later the employment SO) ultimately focused on a few indicators from an initial, fairly extensive, results framework as useful in tracking both the progress of activities and the overall impact of the program. The instability of indicators and targets and gradual honing of the results framework is understandable considering the dynamic transformation taking place in South Africa and the fact that before FY 1997, the Mission had had little experience in this type of quantitative performance monitoring.

## **9. Significant Changes in the Results Framework During the Life of SO5:**

As noted in Section 8 above, there were no significant changes to SO5’s Results Framework. Initially there were minor changes in the presentation of indicators to better reflect the program’s content and expected accomplishments. Later there were minor changes in targets responded to the dynamics of private sector development and the adding and dropping of program activities.

The most notable observation regarding SO5’s results framework is that while the objectives at SO and IR level proved a useful framework for tracking increased access to finance, most indicators established for tracking changes in very important policy environment proved to be too simplistic. Consistently, the SO Team chose to document and report on accomplishments and delays in this area in narrative.

## **10. List of Evaluations and Special Studies During the Life of SO5:**

In addition to the documents listed below, various Contractor/Grantee quarterly and final reports for various SO5 activities are also available through CDIE.

---

<sup>6</sup> For SO: Number of microenterprises accessing loans through USAID-supported programs; and  
Value of loans and equity made available to small and medium enterprises through USAID-supported programs”

For IR5.6: Number of HD small and medium firms successfully tendering for large contracts; and  
Value of contracts obtained through USAID assisted linkages.

Evaluations and Studies:

Burke, J. F., et.al., *Final Evaluation Report: Black Integrated Commercial Support Network Project*, Chemonics International Inc., April 1996.

*Democratization and Growth of the South African Economy: Barriers to Entry*, 1997.

*Improving the South African Investment Climate*, 1997

*Results Review and Resources Request (R4)*, for 1999, 2000, 2001, 2002 reviewing FY 1996, FY 1997, FY 1998 and FY 1999, respectively. Available through CDIE.

**11. List of Instrument Close Out Reports for Contracts, Grants and Cooperative Agreements:**

As noted in Section 4 above, funding for and account of all SO5 activities in MACS was under a long-standing project (BPED, 674-0303). BPED began in the late '80s and many of the SO5 activities were extended from this period. BPED funded all activities – extensions and new activities -- under SO5. In addition, activities extended from SO5 into SO9, employment creation, as well as some new SO9 activities were initially funded through BPED. The list of instrument close out reports (Attachment A) includes all close outs of activities funded under BPED, 674-0303.

**12. Contact Details for Individuals Involved in Strategic Objective 5:**

1. Bruno Cornelio, SO5 Team Leader  
[bcornelio@usaid.gov](mailto:bcornelio@usaid.gov)
2. Margot Ellis, SO5 Team Leader  
[mellis@usaid.gov](mailto:mellis@usaid.gov)
3. Susan Fine, PPDO  
[sfine@usaid.gov](mailto:sfine@usaid.gov)
4. William Brands, PPDO and follow on SO Team Leader  
[wbrands@usaid.gov](mailto:wbrands@usaid.gov)