



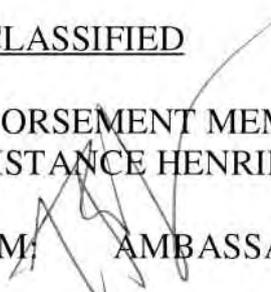
United States Department of State

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ENDORSEMENT MEMO FOR ACTING DIRECTOR OF U.S. FOREIGN ASSISTANCE HENRIETTA FORE

FROM:  AMBASSADOR BOST

SUBJECT: Performance Report on Fiscal Year 2007 for South Africa

CONTEXT

I heartily endorse the U.S. Mission to South Africa's FY 2007 Results Reporting, Phase I of the FY 2008 Operational Plan (OP). Preparation of the OP involved all USG Agencies that administered foreign assistance in FY 2007. The results confirm that U.S. assistance efforts in South Africa are addressing the transformational diplomacy goal, and reflect South Africa's status as a sustaining partner. All performance data has been verified and is valid.

Some of the key achievements and concerns by Objective and Program Area (PA) include the following:

Peace & Security

- PA Counterterrorism: As we look to expand USG engagement in counterterrorism, the most critical aspect of this program is the establishment of a solid relationship with the South African Government (SAG) to lay the foundation for cooperative activities in the future, particularly leading up to the 2010 Soccer World Cup. Therefore, I find it very worrisome and counterproductive that State/F did not allocate any NADR resources for counterterrorism activities in FY 2008, while there is a projected budgetary increase in FY 2009. This disruption in funding slows the forward momentum of collaboration with the SAG.
- PA Conflict Mitigation and Reconciliation: With minimal resources, the USG supported the SAG's leadership role in organizing African countries' participation in the next OECD High Level Forum, which will be held in

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Ghana in 2008. At several large international meetings, the SAG expounded on the positive and productive bilateral relationship shared with the USG, above all in this area, thereby promoting a positive image of the United States at international fora. The USG and SAG also designed a program to send South African technical experts to the Democratic Republic of Congo in support of local government and decentralization efforts; this will be implemented in FY 2008.

Governing Justly and Democratically (GJD)

- As the USG winds down activities in this Objective, great efforts have been made to ensure the sustainability of the programs. First, the USG has supported SAG efforts and has worked hand-in-glove with the SAG on implementation. Second, the USG has developed replicable models that can be scaled up by the SAG after USG activities cease, particularly in improving the delivery of basic services. Lastly, the SAG has already begun co-financing project implementation in the justice sector and is prepared to assume full responsibility once USG support is exhausted.
- Any additional funds furnished in GJD in FY 2009 and beyond will be used to support the U.S. President's Women's Justice and Empowerment Initiative, which is implemented by Post but reported through a Washington OP.

Investing in People

- PA Health: Because programs in tuberculosis (TB), Maternal and Child Health (MCH), and Family Planning and Reproductive Health (FP/RH) complement the PEPFAR program, meet critical needs in South Africa, and enjoy the unalloyed support of the Minister of Health, any additional resources in this Area are welcome. Specific results include:
 - From the 68 supported facilities, 18,677 children 12 months and younger were fully immunized.
 - USG-supported facilities treated nearly 50,000 TB-infected people in five targeted provinces. The USG also assisted the SAG in establishing and implementing TB policies and protocols that are in-line with World Health Organization standards, including policies on multi-drug and extreme-drug resistant TB, which are alarming public health threats.
 - PA Education: USG activities made measurable progress in student outcomes at the primary level, as demonstrated by improved standardized test scores, and teachers' content knowledge and pedagogical practices. For example, grade three students scored 20%

and 24% over baseline, and grade three teachers scored 13% and 68% over baseline for reading and math, respectively.

Economic Growth

- *PA Financial Sector*: With a relatively small amount of money strategically targeted, the USG contributed to revolutionary changes in the finance sector. The USG is the only donor providing assistance to the new National Credit Regulator that regulates the credit industry and implements the provisions of the National Credit Act. With the momentum that was generated in FY 2007, South Africa is poised to enjoy the benefits of increased down-market lending and improved risk management by financial institutions over the next three to five years.
- The USG provided loan guarantees to financial institutions to encourage them to provide credit to historically disadvantaged individuals and small and medium enterprises (SMEs). Success in this area demonstrated that offering such credit can be cost-effective and profitable, thereby removing the need for loan guarantees in the near future.
- *Private Sector Competitiveness*: To improve private sector productivity, the USG provided training and technical assistance to build the capacity of SMEs and built market linkages by facilitating links with regional and global markets. As a result, the USG-assisted SMEs generated sales of \$298 million and created 6,955 jobs across all manufacturing, agribusiness, and services sectors.

Several of the activities in the Governing Justly and Democratically, Investing in People, and Economic Growth Objectives are winding down and will close out after FY 2007 funds are fully expended. These include Agriculture as well as USG activities to improve access to basic services, which cut across the following Areas and Elements: Good Governance, Water and Sanitation, Infrastructure, and Environment. Despite impressive results and ongoing needs, Education activities are also slated to end. Simultaneously, Post will ramp up activities in Peace and Security and continue critical activities in Health and Economic Growth over the next 3-5 years.

In addition, South Africa implements the world's largest PEPFAR program. With an estimated 5.5 million people infected, the HIV and AIDS epidemic pervades all aspects of South African life. The USG has made great strides in utilizing technical experts to integrate PEPFAR activities across all sectors and will continue with this effective strategy.

FY 2008 OPERATIONAL PLAN LIST OF ACRONYMS

AABB	American Association of Blood Banks
AACF	Anglo American Chairman's Fund
AB	Abstinence, Be Faithful
Ab	Agricultural Biotechnology
Abt	Abt Associates Inc.
ACOTA	African Contingency Operations Training and Assistance
AED	Academy for Educational Development
AEI	Africa Education Initiative
AFCap	African Capacitors
AFTEF	American Federation of Teachers' Educational Foundation
AFT-EF	American Federation of Teachers' Educational Fund
AGAMA	AGAMA Energy
AGCI	African Global Competitiveness Initiative
AGOA	African Growth and Opportunity Act
AHCUC	Alexandra Health Centre & University Clinic
AHF	AIDS Healthcare Foundation
AHR	Aurum Health Research
AIDS	Acquired Immune Deficiency Syndrome
AIDS Relief	Consortium led by Catholic Relief Services
AIHA	American International Health Alliance
ANC	African National Congress
ANC	Antenatal Care
APS	Annual Program Statement
ARDA	Akanani Rural Development Association
ART	Antiretroviral therapy
ARV	Antiretroviral
ASE	Alliance to Save Energy
ASGISA	Accelerated and Shared Growth Initiative for South Africa
ASPA	American Service Member Protection Act
ATA	Anti-Terrorism Assistance Program
BAC	Business Against Crime
BCC	Behavior Change Communication
BDS	Business Development Services
BEE	Black Economic Empowerment
Bt	Bacillus thuringiensis
BTC	Belgian Technical Cooperation
BU	Boston University
BU-CIHD	Boston University Center for International Health and Development
CA	Cooperative Agreement
CATs	Community Action Teams
CBO	Community-Based Organization
CCA	Corporate Council on Africa
CCCF	Community Child Care Forums

CCFs	Child Care Forums
CCG	Community Caregiver
CCP	Caring Communities Project
CD	Compact Disc
CDC	Centers for Disease Control and Prevention
CDC-SA	Centers for Disease Control and Prevention / South Africa
CEPD	Centre for Education Policy Development
CFs	Community Facilitators
CGIAR	Consultative Group on International Agriculture Research
CIAT	International Center for Tropical Agriculture
COH	Corridors of Hope
COSATU	Congress of South African Trade Unions
COUNT	Co-operative Organization for the Upgrading of Numeracy Training
CRS	Catholic Relief Services
CT	Counseling and Testing
CTFP	Combating Terrorism Fellowship Program
CU	Columbia University
CWSA	Child Welfare South Africa
CYCWs	Child and Youth Care Workers
DAC	District AIDS Council
DAI	Direct AIDS Intervention
DANIDA	Danish International Development Agency
DCA	Development Credit Authority
DCI	Development Cooperation Ireland
DCIS	Development Cooperation Information System
DCS	Department of Correctional Services
DFA	Department of Foreign Affairs
DFID	UK Department for International Development
DHA	Department of Home Affairs
DHS	U.S. Department of Homeland Security
DOD	U.S. Department of Defense
DoD	Department of Defence
DOE	Department of Education
DOH	Department of Health
DOJ	U.S. Department of Justice
DOS	Department of State
DOTS	Directly Observed Treatment Short-course
DPLG	Department of Local and Provincial Government
DPLG	Department of Provincial and Local Government
DPSA	Department of Public Service and Administration
DPSA	Department of Public Service and Administration
DPT3	Diphtheria, Pertussis and Tetanus Vaccine (3 doses)
DQAs	Data Quality Assessments
DRC	Democratic Republic of Congo
DSD	Department of Social Development

DTI	Department of Trade and Industry
EC	Eastern Cape Province
ECHD	Eastern Cape Provincial Housing Department
ECI	ECIAfrica Consulting (Pty) Ltd.
ECPHD	Eastern Cape Provincial Housing Department
ECRTC	Eastern Cape Regional Training Center
EDF	French Utility Manager
EDOW	Episcopal Diocese of Washington
EEA	Employment Equity Act
EPA	U.S. Environmental Protection Agency
ETP	Expert Treatment Programme
ETR.Net	The Electronic TB Register
EU	European Union
FBI	Federal Bureau of Investigation
FBO	Faith-Based Organization
FDA	Food and Drug Administration
FEDUSA	Federation of Unions of South Africa
FIFA	Fédération Internationale de Football Association
FNL	Forces Nationales pour la Libération
FOHAP	Faith-Based Organizations in HIV/AIDS Partnership
FOSA	Friends of the Sick Association
FP	Family Planning
FP/RH	Family Planning and Reproductive Health
FPD	Foundation for Professional Development
FSN	Foreign Service Nationals
FTE	Full Time Equivalent
FY	Fiscal Year
G20	Group of Twenty
GAP	Global AIDS Program
GBV	Gender Based Violence
GDA	Global Development Alliance
GDP	Gross Domestic Product
GIS	Geographic Information System
GOSS	Government of Southern Sudan
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HAART	Highly Active Antiretroviral Therapy
HATT	HIV/AIDS Training Team
HBC	Home-Based Care
HC	Health Care
HCBC	Home Community-Based Care
HCP	Health Communication Partnership
HCW	Health Care Workers
HD	Historically Disadvantaged
HEAIDS	Higher Education HIV and AIDS Programme
HEART	Helping Expand ART

HEART/SA	Helping Expand ART/South Africa
HERO	Help Educate at-Risk Orphans and Vulnerable Children
HERU	Health Economics Research Unit – Wits Health Consortium
HFEU	Health Financing and Economic Unit
HHS	(Department of) Health and Human Services
HIV	Human Immunodeficiency Virus
HIVAN	Center for HIV/AIDS Networking
HIVSA	HIV South Africa
HLF	High Level Forum
HLGC	Home Loan Guarantee Company
HMIS	Health Management Information System
HOSPERSA	Health and Other Service Personnel Trade Union of SA
HPB	HIV Prevention Branch
HPCA	Hospice and Palliative Care Association
HSRC	Human Sciences Research Council
HST	Health Systems Trust
HUD	Housing and Urban Development
IASP	Inter-Agency International Affairs Strategic Plan
IAT	International AIDS Trust
ICASS	International Cooperative Administrative Support Services
ICITAP	International Criminal Investigative Training Assistance Program
IEC	Information, Education and Communication
IEHA	Initiative to End Hunger in Africa
IESC	International Executive Services Corps
IFC	International Finance Corporation
IGAs	Income Generating Activities
ILA	Intermittent Legal Advisor
IMCI	Integrated Management of Childhood Illnesses
IMET	International Military Education and Training
INCLE	International Narcotics Control and Law Enforcement
IOM	International Organization for Migration
IP	Integrated Plan
IPHC	Integrated Primary Health Care
IT	Information Technology
IYCF	Infant and Young Children Feeding
IYD	Institute for Youth Development
IYD-SA	Institute for Youth Development South Africa
JET	JET Education Services
JHPIEGO	A non-profit organization affiliated with Johns Hopkins University
JHUCCP	John Hopkins University Center for Communications Program
JICA	Japanese International Cooperation Agency
JIPSA	Joint Initiative on Priority Skills Acquisition
JMPD	Johannesburg Metropolitan Police Department
JSI	John Snow Inc
KAP	Knowledge/Attitudes/Practice

KAPB	Knowledge/Attitudes/Practice/Belief/Behavior
KfW	Kreditanstalt Fuer Wiederaufbau, German development entity
kwh	kilowatt hours
KZN	KwaZulu-Natal
KZNDOH	KwaZulu-Natal Department of Health
LBG	The Louis Berger Group
LEWG	USG's Law Enforcement Working Group
LINK	Link Community Development
LMIS	Logistics Management Information Support
LP	Limpopo Province
LSA	Local Service Area
M&E	Monitoring and Evaluation
MARPs	Most At Risk Populations
MCC	Medicines Control Council
MCDI	Medical Care Development International
MCH	Mother and Child Health
MCW	Mother and Child Welfare
MCWH	Maternal, Child and Women's Health
MDR	Multi-drug resistant
MECs	Members of Provincial Executive Councils
MOH	Ministry of Health
MP	Mpumalanga Province
MSH	Management Sciences for Health
MSI	Management Systems International
MSTP	Management Systems Training Programmes
MSU	Michigan State University
MTC	Mother-to-Child
MTT	Mobile Training Team
NBI	National Business Initiative
NCA	National Credit Act
NCCC	National Committee on Climate Change
NCDOH	Northern Cape Department of Health
NCR	National Credit Regulator
NDCS	National Department of Correctional Services
NDOE	National Department of Education
NDOH	National Department of Health
NDU	National Defense University
NEDLAC	National Economic Development and Labor Council
NGO	Non-Governmental Organization
NHIS	National Health Interview Survey
NHLS	National Health Laboratory Services
NICD	National Institute for Communicable Diseases
NIH	National Institutes of Health
NLEA	Narcotics and Law Enforcement Affairs Office
NMCF	Nelson Mandela Children's Fund

NMSM	Nelson Mandela School of Medicine
NPA	National Prosecuting Authority
NTP	National Tuberculosis Program
NWP	North West Province
OECD-DAC	Organisation for Economic Co-operation and Development
OI	Opportunistic Infection
OP	Operating Plan
OPIC	Overseas Private Investment Corporation
OVC	Orphans and Vulnerable Children
PCG	Primary Caregivers
PEPFAR	President's Emergency Plan for AIDS relief
PGCC	Prince George's Community College
PHEs	Peer Health Educators
PI	Performance Improvement
PLWHA	People Living with HIV/AIDS
PMTCT	Prevention of Mother to Child Transmission
PPCT	Post-Partum Counseling and Testing
PPP	Public-Private Partnership
PPT	Project Preparation Trust of KwaZulu-Natal
PRM	U.S. Department of State's Bureau of Population, Refugees, and Migration
PROTEC	Programme for Technological Careers
PTA	Parent Teacher Association
QA	Quality Assurance
QAP	Quality Assurance Project
QMS	Quality Management System
RADAR	Rural AIDS and Development Action Research Program
RAPCAN	Resources for the Prevention of Child Abuse and Neglect
RCLs	Representative Council of Learners
REDS	Regional Electricity Distributors
REEEP	Renewable Energy and Energy Efficiency Partnership
RH	Reproductive Health
RH/FP	Reproductive Health and Family Planning
RLA	Resident Legal Advisor
RTI	Research Triangle Institute
SA	South Africa
SABC	South African Broadcasting Corporation
SACTAP	South African Counter-Trafficking Assistance Program
SADC	Southern African Development Community
SAG	South African Government
SAHA	Social Aspects of HIV/AIDS
SAIBL	South African International Business Linkages
SAMA	South African Medical Association
SAMHS	South African Military Health Service
SANCCW	South African National Council of Child and Family Welfare

SANCO	South African National Civics Organization
SANDF	South African National Defence Force
SAPS	South African Police Services
SAQA	South African Qualifications Authority
SBM	Standards-Based Management
SCUK	Save The Children – UK
SCV	Service Corps Volunteer (Africare)
SEED	Schools Environmental Education & Development
SEGA II	Support for Economic Growth and Analysis
SFH	Society for Family Health
SIU	Special Investigating Unit
SMEs	Small and Medium Enterprises
SMME	Small, Medium and Micro Enterprise
SOCA	Sexual Offenses and Community Affairs
SPV	Special Purpose Vehicle
STD	Sexually Transmitted Diseases
STI	Sexually Transmitted Infections
TA	Technical Assistance
TAACS	Technical Advisor for AIDS and Child Survival
TASC	Technical Assistance Service Contract
TASCA	Technical Assistance Support Cooperative Agreement
TB	Tuberculosis
TBD	To Be Determined
TCB	Trade Capacity Building
TCC	Thuthuzela Care Centers
TIP	Trafficking in Persons
TOT	Training of Trainers
TVT	The Valley Trust
UCSD	University of California – San Diego
UKZN	University of KwaZulu-Natal
UNAIDS	United Nations AIDS Program
UNA-USA	United Nations Association of the United States of America
UNDP	United Nations Development Programme
UNICEF	United Nations Children Fund
UNISA	University of South Africa
UNITRA	University of Transkei
UNODC	United Nations Office on Drugs and Crime
URC	University Research Corporation
USAID	United States Agency for International Development
USAID/W	United States Agency for International Development/Washington
USEUCOM	United States European Command
USG	United States Government
UTAP	University Technical Assistance Program
VEGA	Volunteers for Economic Growth Alliance
WCP	Western Cape Province

WHO	World Health Organization
WJEI	Women's Justice and Empowerment Initiative
XDR	Extreme Drug Resistant

South Africa 2007 Performance Report

Operating Unit Performance Summary

While South Africa has achieved unprecedented success since the fall of apartheid 13 years ago, it still has a long way to go before all South Africans will fully benefit from broad-based economic growth and have access to basic services. Because the SAG has adequate resources and an ambitious, yet coherent, development agenda, USG assistance focuses on specific impediments that inhibit progress. The major development obstacles include the lack of skilled people to fill key positions and the devastating impact that HIV/AIDS is having on all aspects of society. USG assistance treats both of these as cross-cutting issues throughout the entire program. All activities, including those that target the policy environment, have a powerful capacity building component. HIV/AIDS is directly addressed through the extensive PEPFAR program in South Africa and is indirectly tackled by the USG assistance program that addresses the complementary challenges of HIV and AIDS.

In FY 2007, the USG supported activities appropriate for a sustaining partner country. In Peace and Security, the USG strengthened strategic relationships with the military and police in order to lay the foundation for expanding future collaboration. The USG also supported the SAG's emerging role as a donor as it hosted twenty African leaders in preparing for the next OECD High Level Forum, which will be held in Ghana in 2008. In Governing Justly and Democratically, the USG developed replicable models to address impediments to service delivery that are being scaled up and rolled out by the SAG. In Investing in People, the USG strengthened health systems in TB, MCH, and FP/RH. More specifically, the USG programs fully immunized over 18,000 children under the age of one and treated nearly 50,000 TB patients. Education activities made great strides in improving teachers' skills, and in consequence, learners' achievements on standardized tests in math and science, the education system's Achilles heel. Economic Growth resources supported the establishment of the National Credit Regulator which will play a key role in transforming down-market lending and improving risk management by financial institutions. The USG provided loan guarantees to financial institutions to demonstrate the cost effectiveness and profitability of furnishing credit to historically disadvantaged individuals and SMEs.

All Mission activities are in full compliance with their 22 CFR 216 determinations.

Program Area Performance \ 1 Peace & Security \ 1.1 Counter-Terrorism

South Africa must maintain its economic growth and productivity in order to remain a stabilizing force in the region. South Africa's economic success depends on its ability to create jobs, increase sales by small, micro- and medium enterprises (SMMEs), and mainstream historically disadvantaged (HD) people and businesses into the economy.

In FY 2007, the USG assisted HD farms and agribusinesses to become better integrated into the mainstream economy by helping them improve market linkages through training on sound business practices, trade regulations, and product grades and standards. Agribusinesses and individual farmers applied lessons learned from USG-sponsored market outreach and business and technical training (42% of trainees were women) to increase productivity and sales. USG training expanded the capacity of private consulting firms to provide business development services tailored to SMMEs and South Africa's Agricultural Black

Economic Empowerment program.

The USG coordinated efforts to connect producers, wholesalers, and retailers with one another and establish business relationships. Through a partnership with staff from provincial Departments of Agriculture, the USG assisted HD farms and agribusinesses to access SAG agriculture and land grants. The USG facilitated financing options with banks and suppliers for loans and lines of credit. The biotechnology program provided workshops for journalists, consumers, farmers and businesses to clarify facts and dispel myths concerning genetically modified crops and food. Agricultural biotechnology research programs funded by the USG continued to improve cassava as an industrial crop and commercialize the Bt potato.

By integrating HD farmers into the mainstream economy, USG achievements in FY 2007 contributed to steady progress in the transformation of the agricultural sector. Despite significant progress, full transformation of the agriculture sector in South Africa will take time to achieve. Vestiges of apartheid such as low education levels among farm workers and the rural poor retard progress in building capacity and continue to stifle change. Another impediment to transforming the agriculture sector is the reluctance of financial institutions to lend to HD farmers because of the inherent risk in agriculture. The USG is addressing this problem through work in the Financial Services Area and is continuing to support agribusinesses through the Private Sector Competitiveness Area.

Program Element Performance \ 1 Peace & Security \ 1.1 Counter-Terrorism \ 1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary

The SAG has pledged to provide electricity to all households by 2012, and is committed to making the necessary strategic investments to improve infrastructure to conserve energy. Currently, more than 13 million South Africans live without access to electricity. To address this problem, the SAG committed to spend at least \$895 million over the next two years on the national electrification program. The commitment by government transcends the national level; municipalities have also demonstrated their commitment to improve services by utilizing energy-saving enhancements on existing infrastructure.

In order to build capacity to implement energy conservation measures, the USG co-financed one national and five municipal workshops that provided energy-related policy and regulatory tools to private and public-sector practitioners from selected provinces and municipalities. A total of 91 participants (22 women) were trained in renewable energy and energy efficiency best practices. The USG provided technical assistance to the Eastern Cape Provincial Housing Department to identify obstacles to housing delivery and formulate practical strategies to address these constraints, thereby, unleashing local resources for the development of adequate housing. As a result, a total of 19,950 people (5,250 households) received access to modern energy services, and \$2,184,000 was leveraged for the provision of energy and other basic services.

The USG also assisted municipalities with the development of water pressure management methods as a means to save energy. One of the biggest demands on municipal electricity supply is the pumping and pressure of bulk water. The USG supported an audit of large water consumers, which made recommendations relating to the installation, replacement, resizing, and upgrading of bulk customer water meters. The USG and SAG developed a demonstration model to implement the audit recommendations in one urban municipality. As a result, the municipality saved more than 3,240,000 kilowatt hours of energy.

These successful FY 2007 activities will be replicated, expanded, and turned over to the SAG by the end of FY 2008 when this program is scheduled to end.

Program Element Performance \ 1 Peace & Security \ 1.1 Counter-Terrorism \ 1.1.3 Governments' Capabilities

The South African Government (SAG) is committed to fighting terrorism and has provided financial resources and training to the South African Police Service (SAPS) for counterterrorism purposes. The SAG has requested foreign assistance to enhance their counterterrorism capabilities, especially leading up to South Africa's hosting of the 2010 World Cup.

In FY 2007, the USG hosted two workshops: Major Event Security Management and Protective Intelligence and Investigations. The workshops provided theory and practical concepts on how to identify security incidents and how to manage security at major events. This training enhanced the capacity of the SAPS to investigate and analyze terrorist activities and helped the SAPS assess the strengths and weaknesses within specific offices tasked with counterterrorism duties. The workshops also provided an opportunity for SAPS officials and officers to meet face-to-face with their colleagues from across South Africa and solidify their shared commitment to combating terrorism. These workshops were attended by a total of 72 men and 3 women from all nine provinces, representing seven different offices within the SAPS.

The success of these workshops should serve as the foundation for future training opportunities. To determine the nature and extent of future training, the USG will conduct a needs assessment, funded with Washington ATA resources, in FY 2008 of the SAPS capabilities. Based on the assessment's findings and recommendations, the USG and the SAPS will develop training schedules for FY 2009 and beyond.

Element Indicator Narrative \ 1 Peace & Security \ 1.1 Counter-Terrorism \ 1.1.3 Governments' Capabilities

The Embassy hosted two successful workshops for 75 South African Police Service (SAPS) officers on Major Event Security Management and Protective Intelligence Investigations in FY 2007. These workshops exposed the participants to established methodologies employed by law enforcement organizations in the United States that will enhance the SAPS' ability to prepare for and prevent terrorist attacks against high profile events such as the World Cup Soccer tournament. The SAPS have expressed interest in receiving additional counterterrorism training. However, the FY 2008 target was reduced to zero since the projected budget for FY 2008 is now \$0. In order to maintain the relationship and continue interaction with the SAPS during FY 2008, ATA Washington funds will be used for an assessment visit to develop a comprehensive training program for the SAPS that will greatly enhance their ability to combat terrorist groups and activity in South Africa and the southern African region for FY 2009 and beyond.

Program Area Performance \ 1 Peace & Security \ 1.3 Stabilization Operations and Security Sector Reform

The International Military Education and Training (IMET) program for South Africa restarted in mid-FY 2007 after a four-year hiatus due to American Service Member Protection Act (ASPA) prohibitions. In FY 2007, USG activities supporting the South African National Defence Force (SANDF) contributed to stabilization in the region and capacity building within the South African military.

During FY 2007, the USG trained four mid-level SANDF personnel at four different training courses in the United States. Participation in the courses helped meet the training needs of the SANDF and should

ultimately result in greater capacity to support peace operations in the region. The FY 2007 USG-SANDF collaboration to deliver targeted training will serve as the foundation for a more extensive program in FY 2008. The long-term prospects for improving the U.S. military relationship with the SANDF are quite good, if the USG continues to increase the momentum started in FY 2007.

One of the challenges for the IMET program in South Africa is the SAG's lengthy approval process. Since the Minister of Defence approves all domestic and international training, the SAG requires 16 weeks notification in order to participate in any training activities. This does not allow enough flexibility to take advantage of opportunities that emerge on shorter notice. The USG plans to hire a former SANDF officer to run the IMET program in FY 2008; this will help to improve timely access to key decision makers and help the program run more smoothly.

Program Element Performance \ 1 Peace & Security \ 1.3 Stabilization Operations and Security Sector Reform \ 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations

The SANDF's participation in four IMET courses in FY 2007 exposed mid-level leaders to U.S. military culture, organization, and decision-making. The courses aligned with the SANDF's own training needs, and, over time, will improve the U.S.-South African military relationship.

Of the four SANDF members trained in FY 2007, three were women. While the military is still dominated by men, the SAG is determined to transform the composition of its forces, ultimately aiming to have 50% women and 50% men. The SAG is also trying to recruit people with disabilities into the defense force and find substantial ways in which these individuals can contribute to South Africa's national security.

The SANDF is committed to IMET training and contributes substantial resources to participate. IMET training lasts anywhere from one week to one year, and the SANDF agrees to release its personnel from service to attend the training and pays participants \$50 per day in additional per diem for any training outside of South Africa.

Element Indicator Narrative \ 1 Peace & Security \ 1.3 Stabilization Operations and Security Sector Reform \ 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations

For the indicator \"Number of U.S. trained personnel at national leadership levels\" the target was zero since the IMET program was restarted mid-year with minimal funds. The FY 2008 target is adjusted upward from one to three, as three senior military leaders are scheduled to attend courses. For the custom indicator \"Number of mid-level military personnel attending IMET-funded US training\", the FY 2007 actual was four SANDF personnel trained. Two students were funded with FY 2007 funds, and two were funded with previous years' funds. A fifth person was sent to training, but the U.S. Army had to cancel the training due to a shortage of U.S. Army students. This student will be offered training in an FY 2008 course. The FY 2008 target for this indicator will remain 50, with 20 students going to individual courses (including 8 who will attend year-long senior professional military education courses) and another 30 trained by mobile training teams (MTT) coming to South Africa. It is too early to quantify the MTT numbers which could be significantly higher. All of these training courses will last from one week up to one year.

Program Area Performance \ 1 Peace & Security \ 1.5 Transnational Crime

During FY 2007, the USG supported South African efforts to combat transnational crime by focusing on

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building the capacity of local civil society groups to play a substantive role in addressing human trafficking. The USG partnered with the International Office of Migration to help prevent trafficking in persons (TIP) and to mitigate the impact of TIP crimes. The assistance directly benefits women and children, the principal victims.

As part of a provincial workshop, the USG trained a cadre of (mostly women) trainers on a range of protection and prevention subjects, including: victim assistance, information dissemination, advocacy, and participation in legislative decision-making. The workshop clarified the roles and responsibilities, procedures, and lines of authority of relevant state agencies and other actors in anti-trafficking initiatives. International best practices informed the content of training materials, which borrowed heavily from trafficking examples in the Southern African Development Community (SADC) region. The USG conducted outreach campaigns to raise awareness about trafficking and distributed informational posters and pamphlets. The USG identified victims of trafficking and provided direct support through an existing shelter. While more work remains to be done, these initiatives helped both the SAG and USG address key TIP concerns and the broader issue of transnational crime.

Despite its commitment to addressing TIP, the SAG remains constrained by the lack of clear legislation to criminalize trafficking activities. The inadequacy of South Africa's anti-trafficking legislation, specifically regarding prosecution, means that there is no defined jurisdiction of different government institutions for tackling the TIP crisis, thereby complicating any attempt to launch a coordinated government response. In addition, no comprehensive database on trafficking crimes exists, making it difficult to measure the problem and to track victims and perpetrators. Long-term success for anti-trafficking programs hinges on the passage and implementation of the anti-trafficking legislation. As a result of these deficiencies, in FY 2007 the USG kept South Africa on the Tier Two Watch List, indicating that it does not meet international standards for the elimination of trafficking.

Program Element Performance \ 1 Peace & Security \ 1.5 Transnational Crime \ 1.5.3 Trafficking-in-Persons and Migrant Smuggling

The SAG has taken steps to pass legislation that addresses TIP and has implemented concrete anti-trafficking activities. In May 2006, the SAG released a discussion paper and draft legislation on human trafficking for public comment. The Sexual Offenses Bill and the Children's Amendment Bill prohibits the trafficking of women for sexual exploitation and criminalizes child trafficking, respectively. SAG institutions facilitated the training of key members of law enforcement agencies and organizations from the non-profit sector. The SAG also formed a Rapid Response Team to identify priority TIP cases for prosecution.

During FY 2007, the USG trained 15 participants (11 women) in a Training-of-Trainers (ToT) program that included techniques for the identification, interviewing, and assessment of trafficked persons. This training used a gender-based approach that addressed issues affecting trafficked women and children, including health concerns such as STIs, STDs, and HIV and AIDS. The newly trained trainers began raising awareness and building capacity in their respective communities by passing on their knowledge and skills in follow-on workshops. A further 149 people (122 women) took part in the awareness-raising workshops. In one province, the workshops prompted participants to develop recommendations for a practical provincial plan-of-action to prevent trafficking; suggestions included the refurbishment of an existing building to be used as a high security shelter for victims, instead of establishing a new one in FY 2008. The USG distributed more than 8,000 posters and pamphlets to communities. In addition, the USG identified and

provided support to eight victims of trafficking and helped their full recovery and re-integration into society.

Lessons learned from FY 2007 activities informed the design of activities in FY 2008. For example, feedback from the workshops and outreach activities emphasized the importance of including local languages so participants can better understand the material. In FY 2008, the programs will include appropriate local languages in workshops, trainings, and outreach materials.

Element Indicator Narrative \ 1 Peace & Security \ 1.5 Transnational Crime \ 1.5.3 Trafficking-in-Persons and Migrant Smuggling

The USG surpassed its training targets in FY 2007 by training 164 specialized civil society representatives from two of South Africa's nine provinces. These trainings were expanded due to the request to include local immigration officials. These representatives then trained volunteers from community-based organizations (CBOs). The trainings helped participants understand the definition of human trafficking according to the Palermo Protocol, distinguish the difference between human trafficking and human smuggling, and then identify and assisted victims in their communities. The trainers are now able to identify incidences of trafficking and raise awareness of TIP. Over 8,000 posters and pamphlets have also been distributed among participants and the general public in the two provinces targeted. Based on feedback during the training sessions, a decision was made not to open a new center in FY 2008; instead, an existing shelter will be supported in FY 2008. The targeted number of victims assisted using FY 2007 funds was not met because project implementation was delayed while the implementing partner recruited personnel and the head of the program was replaced. The USG rescued eight victims through an existing shelter. The additional \$250,000 TIP funds received in FY 2007 will be used to support a new shelter and achieve the revised target of 40 victims assisted and to conduct a nationwide survey to determine the scope of TIP in South Africa in FY 2008.

Program Area Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation

In FY 2007, the USG and SAG made important progress in joint efforts to support peace and reconciliation processes. Although achievements are not expected until the end of FY 2008, the two governments laid the foundation for building South African capacity to deliver assistance programs that foster peace, stability, and prosperity in the Democratic Republic of the Congo (DRC) and southern Sudan. The USG and SAG designed a program to send South African technical experts to the DRC in support of local government and decentralization efforts. The program will apply lessons learned and best practices from the South African experience to advance reconciliation efforts. In FY 2008, the SAG and USG will design and implement a similar program that benefits the Government of Southern Sudan.

The USG and SAG also advanced collaboration on foreign assistance effectiveness. South Africa sits on the OECD-DAC, World Bank, and Ghana-led Steering Committee established to officially prepare for the next OECD High Level Forum (HLF) in Ghana, November 2008. In this role, South Africa has been asked by other African countries to take a lead role in improving partner country participation in the lead up to and during the Ghana HLF. The Ghana HLF builds on previous forums, most notably the 2003 Rome HLF which highlighted the issue of harmonization and alignment of foreign assistance, and the 2005 Paris HLF which culminated with the endorsement of the Paris Declaration on Aid Effectiveness. The Paris Declaration is an expression of the general consensus amongst the international community on the direction for reform on aid delivery and management and for improved effectiveness and results. With prior year USG funding, South Africa hosted a seminar on aid effectiveness that included a planning session for the

HLF. More than 20 African representatives participated. This regional seminar signaled the start of South African led efforts to consolidate an Africa-wide position on implementation of the Paris Declaration on Aid Effectiveness. With continued USG support, South Africa intends to take advantage of its unusual position as both an aid recipient and donor to improve aid effectiveness at home and abroad.

Joint programs in support of post-conflict reconciliation remain a high priority for the SAG and USG. If the shared commitment is sustained, long-term prospects for success are excellent given the countries' combined resources, diplomatic access, and leadership

Program Element Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.2 Peace and Reconciliation Processes

The SAG has demonstrated its commitment to joint peace and reconciliation efforts through the provision of financial and human resources. The first team of South African experts visited the DRC in early FY 2008. Additional teams will travel to the DRC in FY 2008 to aid in improving decentralization legislation and to develop a manual to guide Congolese local and national decision makers. A technical assistance program for southern Sudan will be designed in early FY 2008.

With South Africa serving as the G20 chair for 2007, other African countries invited the SAG to lead continental preparations for the next HLF in Ghana, November 2008. With funding from the USG and other donors, the SAG's Department of Treasury organized and led an African seminar on aid effectiveness. Participants from more than twenty African countries agreed on a "road map" that laid out a strategy and benchmarks for African preparations for the next HLF, in Ghana in 2008. During FY 2008, the USG will help South Africa draw on lessons learned from its own experience as an aid recipient to inform the design of its aid management mechanisms and the delivery of SAG assistance across Africa.

The USG also funded upgrades, which will continue to be implemented in FY 2008, to the SAG's Development Cooperation Information System (DCIS). The DCIS is a web-based system used to catalog and monitor official development assistance to South Africa. The system is a model for partner governments seeking mechanisms that facilitate host government oversight and coordination of foreign aid. The USG and SAG will explore opportunities to promote the DCIS as an aid effectiveness tool that addresses the ownership, alignment, and managing for results indicators under the Paris Declaration.

Element Indicator Narrative \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.2 Peace and Reconciliation Processes

Activities that contribute results to this indicator began after the end of FY 2007 and will be reported at the end of FY 2008. The USG expects to meet the target of 50 peace-building structures established or strengthened. Two custom indicators have been added under this element: (1) Number of activities undertaken to establish improved SAG delivery of foreign assistance, and (2) Number of SAG training modules established or strengthened with USG assistance available for deployment in conflict-affected countries. Although each indicator had zero as the target for FY 2007, the USG made progress towards meeting both targets in FY 2007 using prior year funds. Under custom indicator #1, the USG and SAG undertook two new activities: 1) the African Seminar on Aid Effectiveness to improve SAG delivery of foreign assistance, and 2) an activity for the SAG to support the National Forum on Decentralization in the DRC. Under custom indicator #2, the USG and SAG jointly established two training modules for deployment in the DRC. The modules will be deployed in FY 2008.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights

Violent crime continues to plague South Africa as evidenced by the government's 2006/2007 Crime Report which states that 111.0 and 40.5 per 100,000 people per year are victims of rape and homicide, respectively. The South African Government (SAG), nonetheless, is firmly committed to improving its justice system as one means of addressing crime. South Africa's struggle with violent crime is compounded by huge case backlogs and inappropriately long pre-trial detention periods. Not only do these factors severely hinder prosecutions, but they also place a tremendous burden on the justice system and infringe on citizen's rights.

The USG supported the SAG's criminal justice reform efforts by targeting three key areas: (1) strengthening justice sector institutions; (2) improving case processing and court efficiency; and (3) developing crime and violence prevention strategies with a particular focus on preventing violence against women and children. FY 2007 achievements include: improved adjudication and administration of court systems by justice system personnel, more efficient investigations conducted by the Department of Justice's internal audit unit, recommendations adopted for facilitating case-load processing in the five busiest lower courts, and increased access to community courts by citizens. The USG also assisted the SAG in establishing a nationwide network of rape-crisis centers which provide health care, legal assistance, and victims' support services; this activity supports the objectives of the U.S. President's Women's Justice and Empowerment Initiative. Together, these justice programs helped the SAG strengthen the rule of law and contribute to human rights protections for all South Africans.

This final year of USG assistance to South Africa's justice sector should help it to become more efficient in the long-term. Increasing citizens' access to alternative dispute resolution through the community court system will reduce case backlogs in the lower courts, and this will, in turn, enhance the capacity of the lower courts and judicial personnel to adjudicate more serious crimes. Improvements in the judiciary and court administration, in combination with other USG-SAG efforts to strengthen policing, should ultimately contribute to a reduction of crime.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

In FY 2007, USG interventions helped to strengthen South Africa's justice system by providing support to public legal institutions and by increasing access to justice for citizens, particularly women and children who are most susceptible to domestic violence and rape. The USG trained justice sector personnel in judgment writing, judicial leadership and management, alternative sentencing, and cultural diversity. The USG assisted the SAG to increase access to legal services by supporting mobile community courts and by developing community court guidelines to assist magistrates, prosecutors, and other stakeholders to fulfill their roles and responsibilities more effectively. Community courts have an impressive conviction rate of 94% and have made broad use of alternative dispute resolution techniques.

The USG also funded an assessment of caseload processing, document management, and performance monitoring at South Africa's five busiest lower courts. This assessment identified and analyzed problems faced by lower courts that contributed to caseload backlog, such as: outdated data-processing systems, training deficiencies, and weak personnel management systems. The recommendations of this assessment will be incorporated into FY 2008 activities to assist two lower courts.

There is clear host country buy-in and commitment to the USG justice program as indicated by the SAG's incorporation of activity costs into its budget to guarantee sustainability after USG funds are exhausted. Some of the activities are jointly funded already, with the SAG due to takeover all of these activities next year. For example, the SAG is funding the infrastructure and salaries for court officials in community courts, while the USG co-funds a major public awareness campaign encouraging citizens to use these courts. This commitment to continued funding bodes well for sustainability and long-term impact of the justice program. Most justice sector activities should be completed and handed over to the SAG by the end of FY 2008.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

FY 2007 targets were included on the Standard Indicator Corrections form. FY 2008 targets have been revised to reflect results that will be achieved in FY 2008 using FY 2007 and prior year funds. The USG supported 13 legal institutions, including the DOJ's Court Services Unit, the National Prosecuting Authority (NPA), five lower courts, two Community Courts, and 4 Thuthuzela Care Centers which provided legal assistance to rape victims. For "number of people visiting USG supported legal services centers", two Community Courts assisted 3,233 people. A standard indicator will be added for the "\"ratio of new case filing to case disposition in courts...\""; the FY 2007 actual was 3.0/1. For the custom indicator "number of justice sector personnel trained with USG assistance" 993 justice sector personnel (265M; 497F; 231 gender N/A) were trained. For the custom indicator "number of cases finalized at community courts assisted by USG" 1,696 of the 3,233 cases filed were finalized. An additional custom indicator will be added to reflect the number of victims assisted with funds from the Women's Justice and Empowerment Initiative, which will begin implementation in FY 2008.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.3 Local Government and Decentralization

In FY 2007, the USG partnered with national and local government officials to improve service delivery at the municipal level. To close the skills gap, the USG provided technical assistance and training to municipal officials and elected councilors in 87 of South Africa's 283 municipalities. Thirty-seven percent of participants were women. With USG assistance, municipalities met their targets for both revenue and performance enhancement by introducing new financial management, human resources, and procurement systems and practices. USG technical assistance guided the municipalities in designing and launching new strategies to improve service delivery to disadvantaged South Africans. These strategies included options for local economic development and more transparent housing, hiring, and procurement practices. The USG also promoted local government accountability by training local ward committee members in the basics of municipal planning and procurement. As a result of this training, ward members monitored municipal performance and served as effective intermediaries among citizens, local councils, and municipal officials. More efficient local governance has led to improved service delivery in these 87 municipalities and increased access to basic services for over 130,000 people.

The SAG is committed to improving local governance and service delivery for all citizens through an ambitious reform agenda. This agenda is supported by legislation and implementation strategies, including Project Consolidate whereby those municipalities with the greatest need are given extra management support. The SAG has also dedicated significant financial and human resources to address service delivery

backlogs. The SAG requested the USG to broaden its technical assistance to include additional municipalities. It also requested the USG to deepen the level of technical assistance by providing full-time advisors to seven municipalities targeted under Project Consolidate during FY 2008.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.4 Anti-Corruption Reforms

The USG supports the South African Government's (SAG) Anti-Corruption Strategy which seeks to enhance the government's legitimacy by removing key obstacles to sound local governance and service delivery. Since citizen interaction with government officials is most often at the local level, effective anti-corruption reforms in municipalities are essential to delivering basic services. Moreover, opaque systems of service delivery in South Africa have amplified opportunities for corruption, diverted scarce resources, and led to the placement of under-qualified personnel in key positions within local government.

The USG supported the SAG's Anti-Corruption Strategy by advancing three key areas of reform: municipal procurement, the allocation of affordable housing, and the hiring of municipal workers. The USG provided anti-corruption training to municipal officials to enable them to design, implement, and monitor effective anti-corruption policies and procedures in the housing, municipal hiring, and procurement sectors. As a result of this training, participating officials developed new policies, risk assessments, and transparent procedures for at least one of the three key areas of reform listed above. These were, in turn, adopted through municipal council resolutions, resulting in a total of 47 anti-corruption measures being adopted. Implementation commenced during FY 2007 in 22 municipalities. Due to the initial success of the program, it will be expanded to an additional 32 municipalities in FY 2008.

Host country commitment on anti-corruption reforms is evidenced by the SAG's Anti-Corruption Strategy launched in October of 2006. Under this strategy all municipalities are required to implement anti-corruption reforms according to prescribed deadlines. The USG's anti-corruption program is at the forefront of assistance to local municipalities to meet this imperative.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.3 Local Government and Decentralization

In FY 2007, the USG exceeded its targets for training due to overwhelming demand by municipal officials to attend the sessions on procurement and municipal management in each province. Based on the demand for training in FY 2007, targets for FY 2008 were revised. The USG supported 122 local mechanisms to engage citizens; the target was not met due to an over-estimation of implementation possibilities. Based on the FY 2007 experience, FY 2008 targets have been adjusted accordingly. The USG funded two local public sector associations: the Parliamentary Monitoring Group recorded and published minutes of parliamentary sessions and sub-committee deliberations; and the Institute for Security Studies published crime statistics. The USG supported 87 sub-national government entities. This surpassed FY 2007 targets due to high demand from the municipalities for technical assistance. The USG fell 17% short of its target to assist 30 sub-national governments to increase their own-source revenues; however, 30 is still a realistic target for FY 2008.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.4 Anti-Corruption Reforms

In FY 2007, the USG trained 212 government officials on anticorruption; 82 received three days of training and mentoring, and 130 received two days of training and mentoring. This allowed participants to design, implement, and monitor effective anti-corruption policies and procedures in the critical areas of housing, hiring, and procurement. As a result, participating officials developed and implemented new policies, risk assessments, strategies and transparent procedures for at least one of the three critical areas. A total of 47 anti-corruption measures concerning policies and procedures in housing, municipal hiring, and procurement were implemented in 22 municipalities. FY 2007 targets were surpassed because some municipalities added one or more of these critical areas to their anti-corruption strategies, so more measures were passed than expected. FY 2008 targets were increased to account for this.

Program Area Performance \ 3 Investing in People \ 3.1 Health

Great pressure has been put on the public health system in South Africa as a result of increased demand for services and constrained human resources in delivering quality services to all South Africans. With an estimated 5.5 million people infected with HIV (about 10% of the population) and 1,700 new people infected everyday, the AIDS epidemic remains a huge burden on the health care system. In addition, poor access to water and sanitation in some communities has contributed to the spread of sickness and disease.

In FY 2007, USG-supported programs in tuberculosis (TB), maternal and child health (MCH), reproductive health (RH) and family planning (FP), and Water and Sanitation continued to assist the SAG to maximize its own resources and improve health conditions for South Africans. The USG trained workers to meet the increasing demand for services in each of the program elements. To improve TB control and the quality of services and testing, the USG increased access to TB treatment, while working to decrease the treatment default rate, thus reducing drug resistant TB. The USG trained over 1,600 personnel in health facilities and labs to follow national protocols. The USG trained 275 nurses in Integrated Management of Childhood Illnesses (IMCI) and worked with facilities to improve the quality of MCH services. USG RH/FP activities integrated youth-friendly practices in order to increase uptake and improve the overall quality of youth programs. The USG developed replicable models for efficient water use and initiated activities to eliminate the unhygienic bucket sanitation system in several communities. These complementary USG programs addressed different, yet vital, aspects of health in South Africa and contributed to long-term improvements in this sector. Moreover, the USG integrated all activities with national, provincial, and local government programs, thereby maximizing the prospects for long-term impact and sustainability.

The biggest obstacle in addressing these problems is the capacity constraints at all levels of service provision. Human capacity limitations take time to address, especially in specialized fields. Retention of skilled personnel remains a constant challenge as newly trained staff members are often recruited away from their current positions—sometimes working in another sector altogether or even emigrating. Data management and recordkeeping is an additional difficulty in the efficient delivery of services.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.2 Tuberculosis

The SAG is committed to controlling TB and actively participates in all related USG activities. One of the biggest challenges to addressing TB is finding skilled staff to fill positions at the national, provincial, and facility levels, resulting in unmet demand for services.

In FY 2007, USG-supported facilities treated nearly 50,000 people in five targeted provinces. Of these cases, 83% had pulmonary TB and 35% were new smear-positive cases. The USG also assisted the SAG in

establishing and implementing TB policies and protocols that are in-line with WHO standards, including policies on MDR, infection control, and the National TB Strategy, which was approved in FY 2007. The USG trained over 1600 health service providers and program managers at the national, provincial, and service delivery levels to build their capacity in directly observed treatment support (DOTS) and management of TB. The DOTS training enhanced reporting and recording of TB cases, brought facilities in compliance with NDOH reporting guidelines, and improved treatment and follow-up of TB patients, thereby reducing both the number of defaulters and the probability of additional MDR and XDR TB cases. Since women are more likely to seek earlier testing and treatment of TB than men, the USG sought public-private partnerships with companies with predominantly male workforces, including the mining industry, to include TB testing and treatment as part of their workplace wellness programs.

Inaccurate data collection is a concern affecting many aspects of the TB program in South Africa. The USG conducted a review of data collection that highlighted a number of data management concerns. To address these, the USG: 1) conducted a rapid appraisal to determine the profile of XDR-TB patients so they could be more easily identified; 2) worked with the SAG to align an electronic national register with information collected at the district level, including TB treatment outcomes by HIV status; and 3) supported the development of a national TB reference lab to improve the diagnosis of TB among people living with HIV and AIDS.

Results for FY 2007 underscored the need for the USG program to intensify efforts in improving infection control through training and technical assistance, treating MDR and XDR patients, reducing the default rate for those TB patients on treatment, and enhancing the capacity of laboratories.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

The USG, in collaboration with the National Department of Health (NDOH), supported activities to improve MCH services in eight districts in five provinces. All USG activities were so seamlessly integrated with those of the NDOH that the Department chose to work through the USG's prime partner to develop the national curriculum for training in Integrated Management of Childhood Illnesses (IMCI).

To contribute to good child health, the USG focused on increasing immunization coverage, monitoring growth, and managing childhood illnesses for children under five years in 68 supported facilities. Bi-monthly visits by USG technical advisors provided on-the-job mentoring and training to MCH district program managers, clinic supervisors, and facility staff. The results from the 68 supported facilities shows that 18,677 children 12 months and younger were fully immunized with 16,227 receiving DPT3 immunization. The USG contributed to the NDOH's strategy to reach 60% saturation of nurses trained in IMCI in each district by training 275 nurses, using the NDOH guidelines.

The USG provided technical assistance to all eight districts to conduct monthly sub-district primary health care program reviews and quarterly district reviews in which childhood indicators were monitored, good practices shared, and advice provided to those struggling to meet the district targets. Specifically, the USG provided technical support inputs to all facilities (USG and non-USG supported) in the sub-district, broadening the reach and impact of USG support in MCH service delivery. USG advisors reviewed the child health program in each facility using clinic checklists and the NDOH Supervisors' Manual to measure compliance with national norms and standards, while also assessing the availability of equipment and drugs for the management of childhood illnesses. As a result of the reviews, the USG delivered data-use training to focus attention on the utilization of information to monitor immunization drop outs. This led to the

development of a tracking system and the introduction of a dedicated immunization register to identify and trace each child. The overall result to date is improved capacity to identify children who have defaulted and get them back on schedule. The FY 2007 program reviews highlighted the importance of providing ongoing mentoring in IMCI for those who have been trained since the inception of the program. This adjustment will be made in FY 2008 activities.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

The USG, in collaboration with the National Department of Health (NDOH), supported activities to improve Reproductive Health (RH) and Family Planning (FP) in eight districts in five South African provinces. Since 2000, FP resources have been used to strengthen health care providers' skills, knowledge, and competency in priority FP and RH services to clients in these provinces.

In FY 2007, the USG adopted a youth-centered approach for its projects involving youth at all levels of clinic and district health planning and service delivery. Youth-friendly services were implemented in 58 USG-supported facilities to increase the uptake of FP services. The USG trained and mentored facility managers and health care providers to ensure compliance with youth-friendly standards established in the NDOH's Youth and Adolescents Policy. The USG also improved the quality of RH and FP information collected by the NDOH, and assisted service providers to monitor, evaluate, and improve their antenatal care and FP programs.

Given that youth represent a large segment of the South African population (15-34 year olds account for 37% of the population) and are most likely to respond positively to messages from their peers, the USG implemented a youth peer educators program as part of the youth-friendly services. After training 96 peer educators on RH issues, FP methods, HIV and AIDS, and gender-based violence interventions and services, the peer educators were placed in 48 USG-supported health facilities. They provided information to youth in health facilities and communities while advocating for better youth-friendly services at the facility level. They also worked hand-in-hand with health facility staff to improve the quality of care provided to youth attending the facilities. For example, they improved client flow at the clinics by providing group counseling and distributing information while people waited, and then followed-up with individual counseling.

Initial observations indicate that youth peer educators need more in-depth training over the course of a year, rather than a once-off training. This on-going training will need a standardized curriculum that is consistent with NDOH standards. In addition, more males are needed as peer educators so that the USG-supported facilities can have one male and one female. The RH/FP program will be modified accordingly to address these issues in FY 2008.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.8 Water Supply and Sanitation

The SAG's commitment to more effective and equitable service delivery for all South Africans remains high, as evidenced by its progress toward providing all citizens with access to water and sanitation by 2010. USG support over the past several years has helped sustain the forward momentum toward this goal by assisting the government to develop models that can be scaled up and replicated in subsequent years.

In FY 2007 the USG established a replicable model that promoted a community water management system

to save water and energy and to improve customer service. By hiring community members to monitor illegal usage of water, the municipality identified leaks and formalized water access by putting in regulation taps and pipes. This initiative improved customer satisfaction by ensuring reliable access to water. The community members provided on-going monitoring of the water system and reported any problems to the municipality for resolution. This innovative model created jobs while also reducing energy and water consumption by minimizing leakages. As a result of this intervention, 530 additional households (about 2,014 people) gained access to water.

The USG provided technical assistance to the Eastern Cape's provincial housing department to identify and resolve obstacles to housing development projects. USG technical experts advised the housing department on how to resolve critical constraints, such as improvements to cumbersome zoning approval processes and efficiencies for procurement systems. After applying the expert's recommendations and streamlining the processes in these areas, the provincial housing department proceeded to invest over \$6.7 million in new housing projects in the Eastern Cape. Ultimately, the intervention (indirectly) resulted in the construction of housing units that included all basic services (water, sanitation, electricity) for 44,312 people.

In July 2007 the USG deployed a team of 16 technical specialists to work intensively with 56 municipalities in five provinces to accelerate the eradication of the bucket sanitation system. This team began working in September 2007 and will continue to work throughout FY 2008 to help the SAG achieve its targets. This initiative will replace the unhealthy bucket sanitation system with ventilated pit toilets or flush toilets, thereby improving overall health conditions in targeted municipalities.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.2 Tuberculosis

Policies developed exceeded the target, as XDR TB resulted in an increased demand for policies related to TB; therefore, the FY08 target was increased in anticipation of continued need in this area. The USG trained 1,611 individuals on DOTS expansion, including 77 TB laboratory microscopists and 23 provincial laboratory managers. The non-MOH sector reported 1,444 TB cases, including mining hospitals and private clinics within the districts; the data reported is from facilities in 3 provinces that comply with the national guidelines and report on a regular basis to the NTP. The FY 2008 target increased to 3,400, as additional sites in 2 more provinces will be assisted. Due to staff shortages, HIV CT is not provided in all facilities nor is it always prioritized by TB service providers. Standardized tools for collecting TB/HIV data are also lacking, which poses a challenge in measuring TB/HIV targets. For these reasons, the FY 2007 target was not met, and the FY 2008 target was lowered to 65%. MDR TB guidelines were revised to be inline with the new WHO recommendations, which include XDR TB. Recording and reporting tools for drug-resistant TB were developed, and South Africa has 13 culture laboratories that perform drug sensitivity testing for first-line TB drugs. However, weak quality controls at laboratories made it difficult to measure microscopy data accurately. This is not anticipated to change in FY 2008; therefore, this indicator will not be tracked.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

This was the first time that data for number of ANC visits by skilled providers has been collected. The actual exceeded the estimated target; therefore, the FY2008 target has been revised. Working in 68 facilities, an average of 238 children/facility (16,227 total) received DPT3, well above the target. This was the first time this indicator had been collected, and based on the results, targets for FY 2008 have been revised. Most health facilities in this program now have at least one nurse trained in Integrated Management of Childhood Illnesses (IMCI) to ensure that sick children are treated according to the IMCI guidelines. 275

people were trained in child health care and nutrition; this exceeded the target because there was greater demand than anticipated for this training. As a result of an assessment, the training activity for maternal/newborn health shifted focus to allow for more mentoring and training for each person trained, in order to improve the overall quality of services. Therefore, fewer people were trained under this indicator than originally planned. 85 community health care workers (HCW) were trained in addition to the 493 HCWs trained since project inception. The FY 2008 target has been reduced to reflect the shift in focus towards more in-depth training and longer mentoring.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

The USG provided training and technical assistance to USG-supported health facilities to improve the knowledge and technical skills of health service providers in Family Planning and Reproductive Health (FP/RH). The number of people trained in FP/RH exceeded its target of 150 (186 actual) because there was higher demand than anticipated. With the added \$574K in FY 2007 funds (\$1m total), additional people will be trained and will be given more in-depth training and mentoring in FP/RH with USG funds; the FY 2008 indicator has been modified accordingly. To increase the uptake of FP, the USG implemented the youth-friendly services program that provided peer educators (young people aged 19 -24 years) in 48 of the 58 USG-supported facilities. After intensive training, the peer educators worked within the facilities to provide counseling and education for young people that use the clinic facilities. The peer educators worked with the health facility staff to improve the interaction and reception within the health facilities for young people and ensured that they received high quality services. The FY07 target of 800 for the custom indicator \"number of people counseled on RH/FP\" was greatly exceeded (the actual was 4,414), because this was the first year that data was captured; therefore, the target was adjusted accordingly for FY 08.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.8 Water Supply and Sanitation

The FY 2007 target for improved drinking water supply was not met because of a change in the way that results were counted. When targets were set, the assumption was made that projected results could be counted when Municipal Infrastructure Grants were approved and not disbursed. Since this assumption is under review, the corresponding results have been excluded. Nevertheless, a total of 65,326 people gained access to improved drinking water supply through USG interventions. The USG provided TA to the Eastern Cape Provincial Housing Department, unleashing SAG resources for housing developments. By unblocking impediments for provincial housing, 44,312 people gained access to housing and basic services including water and sanitation. The USG also provided technical assistance (TA) to rehabilitate a leaking reservoir which provided 19,000 people with access to water. An additional 2,014 people gained access to drinking water as a result of TA provided for a community water management system. FY 2008 sanitation targets will be increased to reflect the USG's deployment of a technical team to help eradicate the bucket sanitation system in 56 targeted municipalities. The target for the custom indicator was surpassed with \$6,749,434 leveraged. Both the sanitation target and the custom indicator target were surpassed as a result of the housing developments in the Eastern Cape which were larger than expected.

Program Area Performance \ 3 Investing in People \ 3.2 Education

In 2006 South Africa's gross enrollment ratio for grades one to twelve was 98%, and the gender parity index was 1.01, indicating slightly more females than males in these grades. Despite these positive statistics, South African students performed worse than students from poorer neighboring countries on standard

achievement tests. This poor performance reflects serious inefficiencies in the education system in South Africa. Poor teacher quality, difficulties teaching and learning in multiple languages, and inadequate monitoring of student progress remain constant challenges. With 13% of teachers testing HIV-positive in 2005, including 24% of female teachers aged 30-34, HIV/AIDS is a looming concern that must be factored into long-term plans for the education sector.

USG programs focused on improving the quality of basic education because the entire education sector builds upon achievements made at the basic education level. FY 2007 successes in basic education demonstrated that USG-supported interventions in lower primary schools had a marked impact on student learning, as demonstrated by improved test scores. Teachers also enhanced their content knowledge and pedagogical practices. NGOs provided classroom support and trained parent teacher associations and local-level education officials to champion quality changes in schools. This support laid the foundation for improved management in targeted schools.

The USG also supported policy development and implementation. Senior National Department of Education leaders ranked USG policy assistance at “100% customer satisfaction” on surveys in 2006 and 2007. The “satisfaction” resulted in USG-sponsored efforts being absorbed into the national budget and expanded, which bodes well for sustainability and long-term impact of these activities. This willingness to take full ownership of USG-supported education interventions is a step towards graduation from USG assistance in this sector. However, in order for the SAG to achieve sustainable improvements in the education sector, officials will have to continue to address the root causes of the inefficiencies as well as the devastating impact HIV/AIDS poses for both teachers and learners. Therefore, it may take a number of years before South Africa has the world class education system it potentially could have and richly deserves.

Program Element Performance \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

The SAG demonstrated its commitment to improving education and addressing equity issues through the expansion of no-fee schools and programs targeted at the poorest school districts. The SAG devoted 5.4% of its GDP to education in 2005, on par with developed countries’ spending; however, this has not yet translated into an effective education system. The quality of education is the biggest challenge for South Africa and the major focus for USG programs.

USG support for the SAG’s education priorities produced impressive results. In FY 2007, the program targeted primary schools and addressed teacher development (content knowledge, assessment practices, teaching methodology, and development of teaching materials), education management and governance, and policy development. In FY 2007, grade three achievement test results for the 2006 school year in reading and math were exceptional. Grade three students scored 20% and 24% over baseline in reading and math respectively. Non-USG supported control schools scored 11% over baseline and 18% under baseline in the same subjects. Girls performed slightly better than boys in both subjects. Grade six scores in math and science did not enjoy similar success; however, overall results were better in USG supported schools than in non-USG supported schools. An analysis is being done to determine the reasons for the low scores, and activities in FY 2008 will be adjusted accordingly. The results possibly indicate the consequences of having received a poor foundation in the earlier grades, or the additional challenges of improving learning at higher grades with more difficult curricula.

In FY 2007, the USG applied resources leveraged from the private sector and other USG funding sources toward improvements in primary education in South Africa. The USG launched a GDA initiative in FY

2005 with UNA-USA's HERO Project. HERO assists orphans and vulnerable children in South Africa, Namibia and Ethiopia to meet educational needs in the face of HIV/AIDS challenges. In 2007 Procter & Gamble signed a pledge for \$5 million to support HERO through 2012. The USG's investment of \$750,000 enabled HERO to raise these private sector funds to improve education in poor communities. In 2007, USG PEPFAR resources were used to create school peer education programs; results will be reported in the PEPFAR Country Operational Plan. USG assistance also supported SAG efforts to develop and implement appropriate HIV policies in schools

Element Indicator Narrative \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

FY 2006 data was not available at the time of the FY 2007 OP submission. Because it was anticipated that data would not be available to report at the end of each FY due to differences in timing with the education school year, FY 2006 final projections were put as the targets for FY 2007, and correspondingly FY 2007 targets were put as FY 2008 targets. To correct this, FY 2006 cumulative data for all indicators will need to be updated to include 2006 finalized data. The FY 2007 targets will remain for simplicity. FY 2008 targets were adjusted to capture results from October 1, 2007 to the end of project in June 2008. USG policy support focused on school fee, teacher pay scale and infrastructure policies, inclusive education and education information systems. Number of learners enrolled (239,675) includes schools from two projects (Mindset and Integrated Education Project). A six-week teacher strike in May-June 2007 caused the cancellation of a number of training events, thus the slight shortfall in meeting the FY 2007 target for Parent Teacher Associations (PTAs). FY 2008 target for PTAs has been lowered because the OP has changed the way it counts "people trained". FY 2007 actual numbers for teachers trained include 1,548 (1,276F, 272M) in-service teachers and 175 (120F, 55M) teachers who completed long-term university training. A standard indicator is added for FY 2008 to capture the number of textbooks and other teaching materials provided with USG assistance.

Program Area Performance \ 4 Economic Growth \ 4.3 Financial Sector

South Africa passed a major milestone in the financial sector during FY 2007, with the full implementation of the National Credit Act (NCA). The NCA is critical to achieving a broad range of financial services and expanded access to credit for previously disadvantaged businesses and individuals. The NCA created the National Credit Regulator (NCR). Its role is to regulate the credit industry and implement the provisions of the NCA, including new financial sector reporting, the development of credit issuer and credit bureau registries, new debt counseling standards, and responsible lending criteria for financial institutions.

USG success in the financial sector enabling environment and financial services directly led to improved access to credit by underserved communities and historically disadvantaged (HD) individuals and SMEs. Activities to improve the enabling environment helped to establish systems to capture credit information that, when analyzed, informed decisions to increase access to credit at all levels of society, while also ensuring responsible lending by financial institutions. USG loan guarantees to financial institutions triggered loans and financing in support of SME growth and affordable housing projects, which would not have happened without USG support.

Given the strong commitment by the SAG to improve the financial sector, the prospects for long-term success are excellent. The USG is the only donor providing assistance to the NCR as it transforms the credit industry in South Africa. With the momentum that has already been generated, South Africa is poised to enjoy the benefits of increased down-market lending and improved risk management by financial

institutions over the next three to five years.

While solid progress has been made, challenges still exist in transforming the financial sector. Four banks still form an oligopoly in South Africa. This lack of competition hinders the rapid evolution of the banking system. In addition, many key decision-makers in these institutions remain conservative and often resist new ways of doing business or entering new markets. This resulted in slower progress than could have been achieved with more progressive leadership in the commercial banking sector. The USG continues to provide technical assistance to these institutions to improve risk assessment and risk management, and supports these institutions to expand lending and other financial services to all under-served populations.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.1 Financial Sector Enabling Environment

In FY 2007, USG assistance helped to establish the national credit register, a database that systematically captures information on all credit issued within the country – a first in South Africa. This information allows the National Credit Regulator (NCR) to analyze credit trends, including type, term, and default rates, and determine how well the credit system is functioning. It also informs financial policy, regulations, and legislative reforms. The USG funded the design and implementation of the register's software, which meets the statutory requirements of the National Credit Act.

The USG provided technical assistance to the NCR to successfully complete the following activities in FY 2007: 1) establish the NCR institutional structure with clearly defined procedures and policies; 2) implement a nationwide public education campaign describing the objectives and implications of the Act for creditors, debt counselors, and consumers; 3) train the National Credit Regulator staff in the operation of the national credit database; 4) train 415 court magistrates in the implementation and enforcement of the National Credit Act; and 5) design and implement appropriate policies and business procedures for several newly created divisions in the NCR, namely the compliance, research, statistics, and education divisions.

USG assistance helped with the evaluation of credit conditions and interest rates in different consumer credit markets. The evaluation highlighted the implications of existing credit provision, modeled different credit conditions, and helped to inform financial sector regulatory reforms related to interest rates, banking fees, and terms of loans. A study on the impact of indebtedness in urban households was also completed with USG support. This provided the basis for standards for debt counseling and the curriculum and training of 706 independent debt counselors—which is critically important given an average national household indebtedness ratio (i.e. debt to household income) of 77% in South Africa.

By passing and swiftly implementing the National Credit Act, the SAG has demonstrated its commitment to broadening financial services to meet the needs of all South Africans. In addition, the SAG has provided a greater than 50% cost share for all USG activities under this Element, which is on track to achieve both short and long-term results.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.2 Financial Services

In FY 2007, the USG helped to improve access to finance for historically disadvantaged individuals and small and medium enterprises (SMEs) with the use of Development Credit Authority (DCA) mechanisms. Through a USG supported loan guarantee signed in FY 2004, Capitec Bank issued 362,583 loans worth \$96.5 million to low income households and SMEs, with 162,583 loans (45%) amounting to \$42.4 million

(44%) issued to women. To date, Capitec's achievements included 1,219,841 loans worth over \$151 million.

The USG also leveraged \$53.3 million by using a DCA guarantee to form a Special Purpose Vehicle (SPV) to finance a large, mixed-use residential development that will provide affordable housing. The guarantee agreement, signed in late FY 2007, enabled the provision of financing by a local financial institution to a local real estate developer for housing construction and mortgage financing slated to begin in FY 2008. A \$43 million agriculture sector DCA facility was approved late in the fiscal year. The agreement was signed in early FY 2008. This DCA guarantee will facilitate the financing of commodity inputs and term loans for farmers and agribusinesses. The USG initiated negotiations for additional loan guarantees and SPVs in FY 2007, and a number of these are expected to be signed in FY 2008.

USG experience with Capitec has been instrumental in informing the design of subsequent DCA agreements. The success of Capitec has demonstrated to other lending institutions that providing credit to historically disadvantaged individuals and SMEs can be cost-effective and profitable. This has evidently generated increased interest among banking institutions, and each of the big four banks have approached the USG to explore loan guarantees for similar types of lending projects. The USG will build on the successes of previous projects through a new financial services implementing partner in FY 2008.

Element Indicator Narrative \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.1 Financial Sector Enabling Environment

The USG provided training to 11 supervisors of the National Credit Regulator (NCR) on the credit life cycle, credit bureau information and concepts, and the interpretation of credit bureau reports. In terms of applied research activities, the USG funded work on the impact of indebtedness in urban households in Johannesburg; an evaluation of credit conditions and interest rates in different consumer credit markets; and the design of legal framework for developmental credit. Furthermore, the USG contributed to nine material improvements in the infrastructure of the NCR through technical assistance on IT systems; the development of information booklets; the implementation of a communications and stakeholder relations campaign; the design of appropriate policies and business procedures for various new divisions; the design of legal framework for developmental credit; assistance on the establishment of the national credit register; a standard debt counseling process; a standardized framework for collecting data from credit bureaus; and training program for 415 magistrates to understand the terms and implications of the National Credit Act.

Element Indicator Narrative \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.2 Financial Services

The FY 2008 target for "infrastructure improvements" was revised to four to include the use of all funds. The other two standard indicator targets remain zero for FY 2008 because the special vehicle funds will only yield results in FY 2009. For custom indicators, Capitec Bank, backed by a 2004 DCA Guarantee, issued 362,583 loans worth \$96.5 million to low income households and small enterprises in FY2007 against targets of 337,392 and \$96.9 million respectively. A total of 162,859 loans (45%) amounting to \$42.4 million (44%) were issued to women. The USG used DCA to leverage \$53.3 million in a Special Purpose Vehicle (SPV) that will finance the development of a large mixed use residential development, catering to the affordable housing market. FY 2008 custom indicator targets have been revised to take into account Capitec activities, the SPV for residential development, and a new agribusiness DCA transaction to be concluded in FY 2008. One monitoring and evaluation report of the DCA Capitec activity was completed in FY 2007. All Capitec related targets were met using prior year funds and as such were not originally

captured in the FY 2007 Operational Plan targets.

Element Indicator Narrative \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.1 Modern Energy Services

The USG provided one municipality with technical assistance to implement energy efficiency strategies resulting in over 3,240,000 kilowatt hours (kwh) of energy saved. This under-achievement of the FY 2007 target of 7,500,000 kwh is due to stalled implementation caused by municipal delays in approving proposed energy conservation measures. The USG co-financed one national and five municipal conferences in which 91 people (22 women) were trained in renewable energy and energy efficiency best practices. FY 2007 targets were exceeded as a result of greater than expected demand for the training. The USG assisted the Eastern Cape Provincial Housing Department (ECPHD) to help its municipalities unblock constraints to housing delivery. As a result of this technical assistance, a total of 5,250 households (which translates to 19,950 people when using the South African average of 3.8 people/household) gained access to modern energy. An estimated \$2,184,000 was leveraged through these energy efficiency activities. This figure was calculated using individual houses (5,250) as a delivery unit for energy services and multiplying that by \$416 which is the amount it costs the municipality to connect a house to energy services. The USG greatly exceeded both of these targets as a result of the unexpected request from the ECPHD for technical assistance. Because the activities have been completed with the ECPHD, the FY 2008 targets have not been adjusted.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

Despite another year in which drought severely affected many farmers, USG assistance to farmers and agribusinesses showed positive results. During FY 2007, USG-funded experts provided farmers and agricultural enterprises with valuable hands-on interventions in the form of agricultural extension and business advice, training, and mentoring. The USG worked, in part, through commodity associations to identify over 5,600 small and medium farms and other agricultural enterprises to participate in the USG's program. This program successfully integrated farmers and other agricultural businesses into supply and value chains, yielding sales of over \$24.7 million in FY 2007. Grants to South African organizations assisted an additional 1,837 farms and enterprises working in the dairy, natural products, horticulture, and beef sectors to access technical and business skills training. These grants generated over \$510,000 in sales contracts for historically disadvantaged (HD) farms and other small, micro- and medium sized firms (SMMEs).

USG programs established market linkages between HD farmers and agribusinesses through marketing and trade capacity building services that focused on grades, standards, business skills, and other business development services. Farmers reported that while they did not feel they could make money simply farming, they could make money and be successful in the "business of farming". This reflects a change in attitude that is necessary to move small farmers up the agricultural value chain. USG assistance also helped to expand the capacity of private sector entities to provide business development services tailored to SMMEs.

The USG work in the agriculture sector has been successful to date, due to a focus on market linkages and capacity building. By seconding SAG officials to work within the USG program, the SAG has demonstrated its full commitment to USG agriculture activities, resulting in close coordination of complementary programs. Best practices from FY 2007 will be incorporated into activities in FY 2008. While agriculture

funding will cease by the end of FY 2008, agriculture-related activities will continue under the USG's Private Sector Competitiveness work.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

The USG greatly surpassed its target for “number of agriculture-related firms benefiting from USG interventions”, largely due to the inclusion of results from partners receiving prior year funds. In addition, the implementing partner worked more extensively through farmer associations than expected, thereby greatly increasing the reach of the activities to more individual farms and agribusinesses. Since this successful approach will continue and activities funded with prior year funds will continue to achieve results, the FY 2008 target has been modified accordingly.

Historically, training figures have been captured in hours of training rather than persons trained, and so FY2007 targets for this standard indicator were not included in the FY 2007 Operational Plan. However, partners successfully reviewed and translated data from an “hours” basis to a “person” basis for FY 2007. The USG exceeded the original “hour-based” target; correspondingly, the number of persons trained also exceeded general expectations. This was due to the inclusion of activities that were funded with prior year resources. These included the following training activities for: 1) dairy farmers and dairy workers; 2) women's soap cooperatives; 3) agriculture cooperatives in the Free State; 4) marula fruit collectors/processors; and 5) agriculture biotechnology outreach training. FY 2008 targets have been increased to include all sources of funding.

Program Area Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness

South Africa's economic success relies on the competitiveness of its private sector, the creation of jobs, and the productivity of the population. Most South African historically disadvantaged (HD) businesses are small and medium enterprises (SMEs) in need of a favorable enabling environment, business development services (BDS), and workforce development. During FY 2007, the USG improved key aspects of the business enabling environment and expanded HD SME management practices and capacity to enter and compete in the domestic and global marketplace. The USG designed a new workforce development program that will begin implementation in FY 2008.

The USG worked closely with the SAG to improve the business enabling environment by reforming laws, regulations, and practices that impact private sector competitiveness. USG programs supported the analyses of corporate and consumer laws affecting HD SMEs and research on the impact of crime and other constraints on their development. USG programs also backed the research that culminated in an updated and streamlined South African Companies Act. USG technical assistance helped the SAG to draft a consumer protection law and improve links among SMEs, the SAG, and private industry.

To improve private sector productivity, the USG: provided SMEs with marketing and supply chain development services; helped to strengthen existing private SME BDS providers; built market linkages for SMEs; and facilitated links with regional and global international markets. The USG also assisted SMEs to expand production and sales in sectors as diverse as automotive parts manufacturing, pottery crafts, and wine production.

Emerging HD SMEs come to USG programs burdened by legacies of apartheid such as poor management

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capacity, corporate exclusion, and outdated regulatory frameworks. By improving the environment in which SMEs do business, creating market linkages between large companies and SMEs, and providing business and management training, the USG is building the foundation for a sustainable HD SME sector. While transformation of the sector to fully integrate HD individuals and businesses will take time, the prospects for long-term success are quite good because of the focus on sustainability, rather than short-term accomplishments. The strong USG-SAG relationship, as evidenced by the first signed bilateral agreement with the Department of Trade and Industry since 1996, will play a pivotal role in this sustainability.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

Most of the work completed under this element involved studies, research, and analysis to assist the South African Government (SAG) to reform laws and regulations and to improve private sector development. In order to enhance the business enabling environment, the USG worked closely with the SAG's Department of Trade and Industry (DTI) to review South Africa's corporate and consumer laws. In support of the DTI's and the Office of the Presidency's efforts to reform laws and regulations to improve conditions for private sector growth, the USG funded studies and research on the impact of crime, regulations, and competition on small businesses.

Specific accomplishments in FY 2007 include the following: 1) USG programs provided the research needed to update and streamline the South African Companies Act of 1973. The USG funded a technical expert to draft a new Companies Bill, modernizing the 1973 Act to promote economic growth and SME development, good governance, and international competitiveness. A new Companies Act was enacted. The Act includes a regulatory framework and financial reporting requirements that provide investors with accurate financial information necessary to make informed business investment choices. 2) The USG funded a technical advisor to draft a new Consumer Protection Bill and to coordinate the consultation process with cabinet ministers, parliament, and the public. Parliament enacted the Consumer Protection Act, which protects consumer rights and empowers consumers to guard against exploitation by businesses. 3) The USG funded an in-depth study to identify the main constraints to SME development in Mpumalanga Province. 4) The USG assisted with a survey on the impact of crime on small enterprises in townships and urban informal settlements. Recommendations to reduce the impact of crime on small businesses will be reviewed by the South African Presidency in FY 2008.

These studies and analyses will provide the foundation for the USG's FY 2008 activities.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.2 Private Sector Productivity

In FY 2007, South Africa's business sector faced problems such as increasing inflationary pressures, the largest and most prolonged public sector labor union strike since 1994, rising interest rates, and uncertainties about the impact of the new National Credit Act on business financing, which prohibits irresponsible lending. As a result, the cost of doing business increased while consumer demand for SME products and services declined. In turn, HD SMEs sought assistance from USG programs in order to help them become more competitive in this strained environment. The USG-assisted SMEs generated sales of \$299 million and created 6,955 jobs across all manufacturing, agribusiness, and services sectors.

The USG private sector productivity program provided technical assistance and training to 12,907 HD

SMEs across all nine provinces of South Africa. Using an innovative business diagnostic tool, USG partners assessed SME strengths and prioritized interventions to address their weaknesses. Working closely with large South African and multilateral corporations, USG programs assessed demand for HD SME services, clarified standards for services/products, and reviewed tendering procedures to ensure SMEs ability to participate. This culminated in a tailored set of technical assistance activities provided to each SME, or groups of sector-specific SMEs, enabling them to compete for domestic and international contracts. USG programs also provided business development services and targeted technical training to SMEs, offered group and individual mentoring, and trained SMEs in business skills. To ensure the long-term sustainability of the program, USG partnered with several local organizations with extensive business and government contacts to provide these services and training.

Successes achieved from the implementation of activities in FY 2007 will be used to inform activities for FY 2008 and beyond. In FY 2008, in compliance with competition regulations, the USG will be seeking a new implementing partner. New activities for the Private Sector Competitiveness area will build on the successful aspects of the current program and will incorporate innovations tailored to the South African context. Since promoting SME growth is its priority, the SAG has been intimately involved in the design and selection process for a new implementing partner. All aspects of the program will support SAG priorities to ensure long-term sustainability.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.3 Workforce Development

The workforce development program was designed in collaboration with the South African Government and host country private sector partners. The procurement process is underway and the program is expected to begin implementation in mid-FY 2008. Reportable results are anticipated starting in FY 2009.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

During FY 2007, the USG provided technical assistance to the Department of Trade and Industry (DTI) to review and begin the process for corporate law reform. These reviews included: company law, corporate governance law, and consumer protection law. USG-funded technical experts worked with DTI to draft the Companies Bill and the Consumer Protection Bill which govern these three sets of laws. They also facilitated the consultation process with cabinet, parliament, and the public. Both Bills were submitted to parliament, and passed. This assistance resulted in the enactment of the Companies Act and the Consumer Protection Act, including the accompanying legislation relating to the establishment of the National Consumer Commission. In 2008, activities will be extended to cover a range of laws governing competition policy, intellectual property, and estate agency laws.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.2 Private Sector Productivity

The USG greatly exceeded FY 2007 targets for all three standard indicators as a result of counting activities that were implemented with prior year funds. FY 2008 targets have been revised accordingly. A custom indicator is being added at the Program Element level "Net change in private sector employment of USG Assisted SMEs". In FY 2007, the USG-supported activities generated 6,955 new jobs in the sectors of manufacturing, agribusiness, and services. The FY 2007 target was exceeded for the same reason mentioned

for the standard indicators. The FY 2008 custom indicator target was revised.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.3 Workforce Development

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Program Area Performance \ 4 Economic Growth \ 4.8 Environment

South Africa is among the top ten worst countries for per capita greenhouse gas emissions. The SAG is committed to reducing its emissions and is working closely with the USG to address air quality issues which have a negative impact on the environment in a variety of ways. In areas deemed “hot spots” by the SAG, poor air quality has had a direct impact on public health, with a notable increase in the prevalence of tuberculosis and sinus problems.

During FY 2007, the USG partnered with the SAG at the national and local levels to tackle environmental issues. By addressing the key constraints to sound environmental management, the USG and the SAG developed sound approaches to environmental management in several municipalities, all or part of which can be replicated in other communities. The results of this assistance included: better trained municipal staff, establishment of environmental by-laws, more consistent adherence to environmental laws, empowered citizen groups that act as environmental “watchdogs” in municipalities, and methods to access technical expertise when the municipality lacks the requisite skills to address the problem.

The prospects for long-term impact of USG supported environmental activities are good, given the strong commitment at both the national and municipal levels of government to replicate the approaches developed for sound environmental management. However, there are many obstacles that will need to be overcome before environmental measures are adopted and implemented throughout South Africa. First and foremost, many of the municipalities lack the capacity and skills to oversee and enforce environmental compliance, despite environmental responsibility being devolved from the national to the municipal level in 2005. Secondly, with all the challenges that municipalities face in being able to meet the basic needs of residents, it is often difficult for municipal leaders to prioritize environmental concerns when other problems are more tangible and pressing to the public.

Program Element Performance \ 4 Economic Growth \ 4.8 Environment \ 4.8.2 Clean Productive Environment

The SAG is committed to addressing air-quality problems in South Africa, and has allocated resources to municipalities that fall within “hot spots” for air quality management. In the last two years, the SAG established the National Committee on Climate Change (NCCC) to align the work of various government departments on mitigating the effects of poor air quality, and to develop a country position on climate change. NCCC stakeholders include national and provincial departments, NGOs, businesses, industry, and labor. The SAG’s commitment to improving air quality reaches down to the municipal level, as evidenced by municipalities investing their own resources to implement and monitor environmental projects.

In FY 2007, the USG focused resources on the primary constraint to environmental compliance at the

municipal level, namely, limited human capacity. The USG conducted workshops and training sessions in five municipalities as part of a traveling “roadshow”. The workshops served as a platform for knowledge sharing and exchange on air quality management, and offered participants opportunities to explore options for reducing environmental risks. The USG trained 69 South African municipal managers and officials on South Africa’s legal, policy, and regulatory framework for Global Climate Change. Technical experts assisted participants to develop a strategy for reducing greenhouse gas emissions in their municipalities, which would then be implemented with municipal resources.

The USG worked with the SAG to identify and develop model approaches for addressing air quality issues. The USG provided targeted technical assistance to the Cape Town municipality to address air quality problems. Technical experts worked with municipal officials to establish and implement air quality by-laws. These experts also trained key municipal staff to build sound resource management skills, and advised them on ways to approach outsourcing when municipal needs stretched beyond immediate capacity. For example, Cape Town is negotiating a service agreement with a private company to extract landfill gases. In addition, the USG engaged community-based organizations on their role in monitoring environmental compliance and reporting citizen concerns. These approaches and “best practices” that were used in Cape Town can be used in other communities and municipalities that are committed to addressing climate change issues.

Element Indicator Narrative \ 4 Economic Growth \ 4.8 Environment \ 4.8.2 Clean Productive Environment

The FY 2007 target of improved laws and policies related to pollution and urban environments drafted with USG assistance was met when the USG assisted an urban municipality to draft and conclude a service agreement between a private company and the municipality for extracting landfill gas. The target of 60 people trained in environmental law, enforcement, public participation and cleaner production policies, strategies, skills, and techniques was slightly exceeded, with 69 trained (21 women and 48 men). The USG launched a series of workshops and follow-on training sessions for 69 municipal managers and officials from five municipalities. However, the target of 240 people trained in global climate change was not met. Out of the targeted 240 people trained for this indicator, only 69 (21 women and 48 men) received training in FY 2007. USAID agreed in mid FY 2007 to co-sponsor and contribute technical assistance and expertise to a large Environment and Global Climate Change conference with SAG’s Central Energy Fund and numerous other stakeholders. Unfortunately, partners could not agree on the conference date, and are now planning to hold the conference in April 2008. Participant numbers to the conference will yield results for both training indicators, and will be reported in FY 2008. Thus, the FY 2008 figures for both training indicators will be upwardly adjusted to capture these results.

Key Issue Performance \ Local Organization Capacity Development

It is very important to build the capacity of local organizations to ensure sustainability of programs. In FY 2007, the USG focused on capacity building of local organizations across all Program Objectives. Two specific examples follow.

The USG trained municipal officials and ward committees to improve governance and service delivery at the local level. The USG provided technical assistance and training in 87 of South Africa’s 283 municipalities. With USG assistance, municipalities met their targets for both revenue and performance enhancement. The capacity building of local institutions has led to improved governance and service delivery and increased access to basic services for over 130,000 people.

In FY 2007, the USG trained over 1,600 health care workers to build their capacity in directly observed treatment strategy (DOTS) and the management of TB. The USG supported the capacity development of community-based organizations (CBOs) in the treatment and management of TB. South African NGO partners linked CBOs with treatment facilities in two provinces and trained DOT supporters and HIV counsellors so that they could support TB patients. DOTS training enhanced the reporting and recording of TB cases, brought the facilities in compliance with NDOH reporting guidelines, and improved the treatment and follow-up of TB patients. In sum, these achievements reduced both the number of TB treatment defaulters and the probability of MDR and XDR TB infections.

Key Issue Performance \ Anti-Corruption

The USG supported the SAG's Anti-Corruption Strategy by advancing three key areas of reform: municipal procurement, the allocation of affordable housing, and the hiring of municipal workers. The USG provided direct assistance to municipal officials to receive anti-corruption training to enable them to design, implement, and monitor effective anti-corruption policies and procedures in the housing, municipal hiring, and procurement sectors. As a result of this training, participating officials developed new policies, risk assessments, and transparent procedures for at least one of the three key areas of reform listed above. These were, in turn, adopted through municipal council resolutions, resulting in a total of 47 anti-corruption measures being adopted with implementation commencing during FY2007 in 22 municipalities. Due to the initial success of the program, it will be expanded to an additional 32 municipalities in FY 2008.

In addition to supporting the Anti-Corruption Strategy, the USG provided funding to the Department of Justice (DOJ) to support an internal audit unit that investigates allegations of corruption among the judiciary and DOJ personnel. As a result of this assistance, 112 accused were prosecuted in FY 2007.

Key Issue Performance \ Microenterprise

Economic growth that benefits all South Africans hinges on the productivity and viability of small, medium and micro enterprises.

In FY 2007, \$850,000 in micro enterprise funds were awarded to two organizations: World Education and Natural Botanicals. The two one-year activities began in March 2006 and March 2007, respectively. In FY 2007, World Education assisted over 5,029 firms, the majority of which are micro enterprise firms in the construction, mining, and transport sectors. These firms received training in business skills, as well as training and mentoring on tendering processes for their sectors. Natural Botanicals assisted two women-owned micro enterprises that focus on making and selling boutique herbal soaps. The value of sales generated through these programs exceeded targets and reached \$31.3 million for World Education and \$37,075 for Natural Botanicals.

The USG used \$165,000 in FY 2006 Prime Funds to build the institutional capacity and provide technical assistance to the newly launched National Credit Regulator (NCR), enabling the NCR to aggressively target reckless lending practices that harm micro enterprises.

Through a FY 2004 Development Credit Authority loan guarantee, Capitec Bank issued 362,583 loans (averaging \$170 per loan), for a total of \$96.5 million to over one million micro enterprises and consumers.

Key Issue Performance \ Trade Capacity Building

In FY 2007, Trade Capacity Building (TCB) for South Africa continued through USG programs that focused on the growth of historically disadvantaged small and medium enterprises (SMEs) and on improving the business environment for SMEs. The USG's flagship business linkages program continued to develop and strengthen SME capacity to engage in local and export trade in the manufacturing, agriculture, and services sectors. The USG helped SMEs expand trade and international sales in sectors as diverse as automotive parts, pottery, crafts, giftware, and wine. The USG provided SMEs with business services and skills training on a cost-share basis. This training allowed them to supply products and services that meet international quality standards to larger South African corporations that trade in international markets, including the United States. The USG also assisted SMEs to sell their products and services directly on the international market. SMEs, assisted by the USG, successfully generated sales of over \$299 million and created over 6,955 jobs across all sectors.

In support of TCB, the trade promotion program developed and implemented trade missions to Botswana, Kenya, Tanzania, Uganda, and the United States. This program identified new market opportunities, organized trade fair participation, and provided matchmaking services that broadened and increased trade and marketing opportunities for South African SMEs across several sectors.

Key Issue Performance \ Clean Energy

During FY 2007, the USG promoted energy conservation, efficiency, and clean technologies. The USG promoted replicable models that integrated efficient management methodologies that increased access to basic services and reduced energy demand and consumption.

In response to an urgent request from the Eastern Cape Provincial Housing Department (ECPHD), the USG deployed technical experts to identify obstacles to housing delivery and formulate practical strategies to address constraints, thereby unleashing local resources for the development of housing. As a result, a total of 19,950 people (5,250 households) received access to modern energy services, and \$2,184,000 was leveraged for the provision of basic services.

The USG also assisted municipalities with the development of water pressure management methods as a means to save energy. The USG supported an audit of large water consumers, which made recommendations relating to the installation, replacement, resizing, and upgrading of bulk customer water meters. The USG and SAG developed a demonstration model to implement the audit recommendations in one urban municipality. It also incorporated the use of community care-takers to manage and monitor water services to customers. As a result, the municipality saved more than 3,240,000 kilowatt hours of energy, and 530 additional households (about 2,014 people) gained access to water.

These models will be replicated in other municipalities in FY 2008.

Key Issue Performance \ Global Climate Change

In FY 2007, the USG focused resources on the primary constraint to environmental compliance at the municipal level, namely, limited human capacity. The USG conducted workshops and training sessions in five municipalities. The workshops served as a platform for knowledge sharing on air quality management, and offered participants opportunities to explore options for reducing environmental risks. The USG trained

sixty-nine South African municipal managers and officials on South Africa's legal, policy, and regulatory framework for Global Climate Change. Technical experts assisted participants to develop a strategy for reducing greenhouse gas emissions in their municipalities.

The USG worked with the SAG to identify and develop model approaches for addressing global climate change that can be replicated in municipalities committed to addressing these issues. The USG provided targeted technical assistance to the Cape Town municipality to address air quality problems. Technical experts worked with municipal officials to: establish and implement air quality by-laws; train key municipal staff to build sound resource management skills; and develop approaches for outsourcing when municipal needs stretched beyond its immediate capacity. For example, Cape Town in negotiating a service agreement with a private company to extract landfill gases. In addition, the USG engaged CBOs on their role in monitoring environmental compliance and reporting citizen concerns.

Key Issue Performance \ Applied Research

The USG supported applied agricultural biotechnology research and outreach programs through the World Bank's Consultative Group on International Agriculture Research (CGIAR) Centers. One of these long term CGIAR programs, comprising Michigan State University, the International Center for Tropical Agriculture (CIAT), and local partners, focused on improving cassava as an industrial and food crop for Southern Africa. No genetically modified cassava has yet been developed, but research is on course. Trials of planting and harvesting techniques for the industrial use of cassava using non-modified cassava continue with private sector partners, which will ensure implementation of viable outcomes. The USG supported an ongoing program with the International Potato Center for applied research and regulatory work to commercialize the Bt potato, a new variety of genetically modified potato to prevent potato tuber moth damage. This work is in the final stage and will provide the necessary research studies needed for local regulatory board approval in South Africa. The USG's program for local outreach, via AfricaBio, trained 390 journalists, consumers, and farmers to clarify facts and dispel myths about genetically modified products. Policy research and collaboration on agricultural biotechnology issues continued with the South African Government.

Key Issue Performance \ Public-Private Partnerships

The USG is committed to expanding the use of public private partnerships to significantly increase the value of resources leveraged. In FY 2007, the USG established several new partnerships and consolidated work under existing ones.

The USG partnered with the SAG and Business Against Crime to train justice sector personnel and to develop community court guidelines to assist magistrates, prosecutors, and other stakeholders to fulfill their roles and responsibilities.

Through DCAs, 362,583 loans worth \$96.5 million were issued to low income households and SMEs, with 162,583 loans (45%) amounting to \$42.4 million (44%) issued to women. The USG leveraged approximately \$55,484,000 for the provision of housing through a DCA loan guarantee with a financial institution and through technical assistance to provincial officials.

The USG partnered with mining companies and the SAG to improve compliance with the SAG TB

guidelines and reporting requirements. Mining companies now use national reporting tools to provide TB information, and have instituted nationally approved TB treatment regimens. The USG also partnered with businesses to expand TB services, and developed education and information materials to address issues of TB in the workplace.

With an initial investment of \$750,000 from the USG, UNA-USA raised one million dollars to support orphans and vulnerable children. In addition, a private sector company pledged \$4.5 million for this same project over a five-year period.

Key Issue Performance \ Water

In 2007, the USG helped 44,312 South Africans gain access to improved sanitation and 65,326 South Africans to drinking water. The USG achieved this through a number of initiatives that involved partnering with the SAG to develop models that can be scaled up and replicated.

The USG provided technical assistance to the Eastern Cape Provincial Housing Department to identify and unblock obstacles to housing development, such as cumbersome processes for zoning approvals and for the provision of bulk services to housing projects.

The USG co-funded a water caretaker management system with a major urban municipality that contributed \$346,811 for the project. This model included a bulk water metering system, a pressure management plan, and leak repairs. Through this effective community water bailiff system, an additional 2,014 people have access to water. As a result of its success, it is anticipated that this model will be replicated in other municipalities in FY 2008.

The SAG and USG partnered to begin eradicating the bucket sanitation system within formal areas by replacing this unacceptable system with appropriate sanitation such as ventilated improved pit toilets and waterborne sewage. This endeavor will directly contribute to South African efforts to meet its Millennium Development Goals. The USG deployed a technical team to accelerate access to improved sanitation for 109,000 households in 56 priority municipalities in five provinces.

Key Issue Performance \ Counter Terrorism

The South African Government is a vital USG partner in the fight against terrorism. The coordinated efforts of the USG's Law Enforcement Working Group to deliver training to South African law enforcement entities bolstered South Africa's capacity to reduce the threat of terrorism.

In FY 2007, the Department of State trained 75 people in two workshops: Major Event Security Management and Protective Intelligence Investigations. The U.S. Treasury presented a cross-border cash smuggling course and another course on best practices in investigative techniques for complex financial investigations. Homeland Security provided training in document fraud and border security. The FBI coordinated training in the investigation of terrorist organizations. Beneficiaries of this training included the South African Police Service, National Prosecuting Authority, Customs and Immigration, and the Johannesburg Metropolitan Police.

Key Issue Performance \ Africa Education Initiative (AEI)

In FY 2007, Africa Education Initiative (AEI) resources enabled in-service training of 1,548 (1,276F, 272M) primary school teachers. Another 175 (120F, 55M) teachers completed long-term university training to improve their professional credentials. The 2006 target for improvement of teacher subject matter knowledge was 5% over baseline. Grade three teachers scored 13% and 68% over baseline for reading and math, respectively. Grade six teachers improved 62% in math and 11% in science.

Children in disadvantaged communities had access to “Mindset Cabanga”, the primary school learning channel for grade four and five students. The Western Cape Province plans to purchase Cabanga for five primary schools in 2008 and extend it to the province’s remaining 1200 schools by 2010. Mindset also expanded to develop content for Kenyan teacher colleges.

AEI supported the development of children’s storybooks in 11 languages, written by South African teachers and illustrated by local artists. In 2007, 15 of 120 titles were finalized. Results will be captured in USAID/Washington’s AEI reporting. It is anticipated that by the end of FY 2008 over one million books will be distributed under this program.

AEI’s Ambassadors’ Girls’ Scholarship Program helped over 1600 primary school girls in 2007. Activities include tutoring, school feeding, after-school clubs and field trips. The girls also received ongoing mentoring and support to cope with the impact of HIV/AIDS on their lives.

Key Issue Performance \ African Global Competitiveness Initiative (AGCI)

The USG’s business linkages program in South Africa supports the AGCI objective of “strengthening the knowledge and skills of private sector enterprises to take advantage of market opportunities”. During FY 2007, the USG assisted a total of 12,907 small and medium historically disadvantaged enterprises to increase their competitiveness through targeted technical assistance, product and market development, standards certification, trade mission participation, and market linkages activities. With USG assistance these enterprises achieved 16,685 new sales transactions, involving contracts worth \$299 million. These included 616 export contracts worth \$940,972 in export sales to the United States under AGOA, and \$19.3 million in export sales to other countries. Women owned enterprises accounted for 24% of all enterprises reporting sales through USG assistance, and for \$60.1 million or 20% of total sales.

The USG provided significant assistance to the National Credit Regulator (NCR), which regulates and monitors all credit provision in South Africa. It also oversees the implementation of new financial sector reporting, private credit provision responsibilities and requirements, and the development of credit registries, credit bureau, and debt counseling activities. These activities contributed to the AGCI objective of an improved business and financial sector enabling environment and helped to stimulate domestic and international investment and trade.

Key Issue Performance \ Initiative to End Hunger in Africa (IEHA)

The President’s Initiative to End Hunger in Africa (IEHA) supported applied agricultural biotechnology research and outreach programs through the World Bank’s Consultative Group on International Agriculture Research (CGIAR) Centers. One of these long term CGIAR programs, comprising Michigan State University, the International Center for Tropical Agriculture (CIAT), and local partners, focused on improving cassava as an industrial and food crop for Southern Africa. No genetically modified cassava has yet been developed, but research is on course. Trials of planting and harvesting techniques for the industrial

use of cassava using non-modified cassava continue with private sector partners, which will ensure implementation of viable outcomes. The USG supported an ongoing program with the International Potato Center for applied research and regulatory work to commercialize the Bt potato, a new variety of genetically modified potato to prevent potato tuber moth damage. This work is in the final stage and will provide the necessary research studies needed for local regulatory board approval in South Africa. The USG's program for local outreach, via AfricaBio, trained 390 journalists, consumers, and farmers to clarify facts and dispel myths about genetically modified products. Policy research and collaboration on agricultural biotechnology issues continued with the South African Government.

1 Peace & Security - South Africa

1.1 Counter-Terrorism\1.1.3 Governments' Capabilities

Number of people trained in Anti-terrorism By USG Programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	75	75	63	-	-	-	-	3	-	-	-	-	72	-

1014
chars

1.1.3 Governments' Capabilities narrative (no more than 1500 characters)

The Embassy hosted two successful workshops for 75 South African Police Service (SAPS) officers on Major Event Security Management and Protective Intelligence Investigations in FY 2007. These workshops exposed the participants to established methodologies employed by law enforcement organizations in the United States that will enhance the SAPS' ability to prepare for and prevent terrorist attacks against high profile events such as the World Cup Soccer tournament. The SAPS have expressed interest in receiving additional counterterrorism training. However, the FY 2008 target was reduced to zero since the projected budget for FY 2008 is now \$0. In order to maintain the relationship and continue interaction with the SAPS during FY 2008, ATA Washington funds will be used for an assessment visit to develop a comprehensive training program for the SAPS that will greatly enhance their ability to combat terrorist groups and activity in South Africa and the southern African region for FY 2009 and beyond.

1.3 Stabilization Operations and Security Sector Reform\1.3.6 Defense, Military, and Border Restructuring, Reform and

Number of US trained personnel at national leadership levels

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	1	3

1146
chars

1.3.6 Defense, Military, and Border Restructuring, Reform and Operations narrative (no more than 1500 characters)

For the indicator "Number of U.S. trained personnel at national leadership levels" the target was zero since the IMET program was restarted mid-year with minimal funds. The FY 2008 target is adjusted upward from one to three, as three senior military leaders are scheduled to attend courses. For the custom indicator "Number of mid-level military personnel attending IMET-funded US training", the FY 2007 actual was four SANDF personnel trained. Two students were funded with FY 2007 funds, and two were funded with previous years' funds. A fifth person was sent to training, but the U.S. Army had to cancel the training due to a shortage of U.S. Army students. This student will be offered training in an FY 2008 course. The FY 2008 target for this indicator will remain 50, with 20 students going to individual courses (including 8 who will attend year-long senior professional military education courses) and another 30 trained by mobile training teams (MTT) coming to South Africa. It is too early to quantify the MTT numbers which could be significantly higher. All of these training courses will last from one week up to one year.

1.5 Transnational Crime\1.5.3 Trafficking-in-Persons and Migrant Smuggling

Number of people in host country trained on TIP related issues with USG assistance

Number of women	Number of men
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2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	155	164	660	660	-	-	133	-	535	-	-	31	-	125

1.5 Transnational Crime\1.5.3 Trafficking-in-Persons and Migrant Smuggling

Number of shelters/safe houses established for TIP victims that are supported with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	1	NA

1.5 Transnational Crime\1.5.3 Trafficking-in-Persons and Migrant Smuggling

Number of TIP victims rescued with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	10	8	20	40	-	-	8	-	40	-	-	-	-	-

**1481
chars**

1.5.3 Trafficking-in-Persons and Migrant Smuggling narrative (no more than 1500 characters)

The USG surpassed its training targets in FY 2007 by training 164 specialized civil society representatives from two of South Africa's nine provinces. These trainings were expanded due to the request to include local immigration officials. These representatives then trained volunteers from community-based organizations (CBOs). The trainings helped participants understand the definition of human trafficking according to the Palermo Protocol, distinguish the difference between human trafficking and human smuggling, and then identify and assisted victims in their communities. The trainers are now able to identify incidences of trafficking and raise awareness of TIP. Over 8,000 posters and pamphlets have also been distributed among participants and the general public in the two provinces targeted. Based on feedback during the training sessions, a decision was made not to open a new center in FY 2008; instead, an existing shelter will be supported in FY 2008. The targeted number of victims assisted using FY 2007 funds was not met because project implementation was delayed while the implementing partner recruited personnel and the head of the program was replaced. The USG rescued eight victims through an existing shelter. The additional \$250,000 TIP funds received in FY 2007 will be used to support a new shelter and achieve the revised target of 40 victims assisted and to

conduct a nationwide survey to determine the scope of TIP in South Africa in FY 2008.

1.6 Conflict Mitigation and Reconciliation\1.6.2 Peace and Reconciliation Processes

Number of peace-building structures established or strengthened with USG assistance that engage

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	50	50

**1081
chars**

1.6.2 Peace and Reconciliation Processes narrative (no more than 1500 characters)

Activities that contribute results to this indicator began after the end of FY 2007 and will be reported at the end of FY 2008. The USG expects to meet the target of 50 peace-building structures established or strengthened. Two custom indicators have been added under this element: (1) Number of activities undertaken to establish improved SAG delivery of foreign assistance, and (2) Number of SAG training modules established or strengthened with USG assistance available for deployment in conflict-affected countries. Although each indicator had zero as the target for FY 2007, the USG made progress towards meeting both targets in FY 2007 using prior year funds. Under custom indicator #1, the USG and SAG undertook two new activities: 1) the African Seminar on Aid Effectiveness to improve SAG delivery of foreign assistance, and 2) an activity for the SAG to support the National Forum on Decentralization in the DRC. Under custom indicator #2, the USG and SAG jointly established two training modules for deployment in the DRC. The modules will be deployed in FY 2008.

2 Governing Justly & Democratically - South Africa

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Legal Institutions and Associations supported by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	13	8	14

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of people visiting USG supported legal service centers serving low income and marginalized communities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	3,233	5,600	8,000	-	-	-	5,488	7,840	-	-	-	112	160

1190

chars

2.1.3 Justice System narrative (no more than 1500 characters)

FY 2007 targets were included on the Standard Indicator Corrections form. FY 2008 targets have been revised to reflect results that will be achieved in FY 2008 using FY 2007 and prior year funds. The USG supported 13 legal institutions, including the DOJ's Court Services Unit, the National Prosecuting Authority (NPA), five lower courts, two Community Courts, and 4 Thuthuzela Care Centers which provided legal assistance to rape victims. For "number of people visiting USG supported legal services centers", two Community Courts assisted 3,233 people. A standard indicator will be added for the "ratio of new case filing to case disposition in courts..."; the FY 2007 actual was 3.0/1. For the custom indicator "number of justice sector personnel trained with USG assistance" 993 justice sector personnel (265M; 497F; 231 gender N/A) were trained. For the custom indicator "number of cases finalized at community courts assisted by USG" 1,696 of the 3,233 cases filed were finalized. An additional custom indicator will be added to reflect the number of victims assisted with funds from the Women's Justice and Empowerment Initiative, which will begin implementation in FY 2008.

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Individuals Who Received USG-Assisted Training, including management skills and Fiscal Management, to Strengthen Local Government and/or Decentralization.

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
442	1,262	2,094	781	1,500	144	505	582	390	417	298	757	1,512	391	1,083

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Local Mechanisms Supported with USG Assistance for Citizens to Engage their Sub-

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
100	266	122	270	150

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Local Non-Governmental and Public Sector Associations Supported with USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	2	1	1

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Sub-national Government Entities receiving USG assistance to Improve their

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
60	60	87	60	60

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Sub-national Governments Receiving USG Assistance to Increase their Annual Own-

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
23	30	25	30	30

**1060
chars**

2.2.3 Local Government and Decentralization narrative (no more than 1500 characters)

In FY 2007, the USG exceeded its targets for training due to overwhelming demand by municipal officials to attend the sessions on procurement and municipal management in each province. Based on the demand for training in FY 2007, targets for FY 2008 were revised. The USG supported 122 local mechanisms to engage citizens; the target was not met due to an over-estimation of implementation possibilities. Based on the FY 2007 experience, FY 2008 targets have been adjusted accordingly. The USG funded two local public sector associations: the Parliamentary Monitoring Group recorded and published minutes of parliamentary sessions and sub-committee deliberations; and the Institute for Security Studies published crime statistics. The USG supported 87 sub-national government entities. This surpassed FY 2007 targets due to high demand from the municipalities for technical assistance. The USG fell 17% short of its target to assist 30 sub-national governments to increase their own-source revenues; however, 30 is still a realistic target for FY 2008.

2.2 Good Governance\2.2.4 Anti-Corruption Reforms

Number of Government Officials Receiving USG-Supported Anti-corruption Training

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
37	212	212	150	150	-	-	42	-	30	-	-	170	-	120

2.2 Good Governance\2.2.4 Anti-Corruption Reforms

Number of USG-Supported Anti-corruption Measures Implemented

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	30	47	30	50

920
chars

2.2.4 Anti-Corruption Reforms narrative (no more than 1500 characters)

In FY 2007, the USG trained 212 government officials on anticorruption; 82 received three days of training and mentoring, and 130 received two days of training and mentoring. This allowed participants to design, implement, and monitor effective anti-corruption policies and procedures in the critical areas of housing, hiring, and procurement. As a result, participating officials developed and implemented new policies, risk assessments, strategies and transparent procedures for at least one of the three critical areas. A total of 47 anti-corruption measures concerning policies and procedures in housing, municipal hiring, and procurement were implemented in 22 municipalities. FY 2007 targets were surpassed because some municipalities added one or more of these critical areas to their anti-corruption strategies, so more measures were passed than expected. FY 2008 targets were increased to account for this.

3 Investing in People - South Africa

3.1 Health\3.1.2 Tuberculosis

Existence of a multi-drug resistance for TB at the national level

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1	1	-	1	Y

3.1 Health\3.1.2 Tuberculosis

Number of improvements to laws, policies, regulations or guidelines related to improved access t and use of health services drafted with USG support

					number of men (do not use, no need to disaggregate)				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
4	2	8	1	4	-	-	-	-	-

3.1 Health\3.1.2 Tuberculosis

Number of people trained in DOTS with USG funding

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,359	1,600	1,611	1,700	2,350	1,139	1,280	1,378	1,360	1,880	220	320	233	340	470

3.1 Health\3.1.2 Tuberculosis

Number of TB cases reported to NTP by USG-assisted non-MOH sector

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1,000	1,442	2,000	3,400	-	-	-	-	-	-	-	-	-	-

3.1 Health\3.1.2 Tuberculosis

Percent of all registered TB patients who are tested for HIV through USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	65	52	75	65	-	-	-	-	-	-	-	-	-	-

3.1 Health\3.1.2 Tuberculosis

Percent of USG-supported laboratories performing TB microscopy with over 95% correct microscopy

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	40	NA	60	NA

**1488
chars**

3.1.2 Tuberculosis narrative (no more than 1500 characters)

Policies developed exceeded the target, as XDR TB resulted in an increased demand for policies related to TB; therefore, the FY08 target was increased in anticipation of continued need in this area. The USG trained 1,611 individuals on DOTS expansion, including 77 TB laboratory microscopists and 23 provincial laboratory managers. The non-MOH sector reported 1,444 TB cases, including mining hospitals and private clinics within the districts; the data reported is from facilities in 3 provinces that comply with the national guidelines and report on a regular basis to the NTP. The FY 2008 target increased to 3,400, as additional sites in 2 more provinces will be assisted. Due to staff shortages, HIV CT is not provided in all facilities nor is it always prioritized by TB service providers. Standardized tools for collecting TB/HIV data are also lacking, which poses a challenge in measuring TB/HIV targets. For these reasons, the FY 2007 target was not met, and the FY 2008 target was lowered to 65%. MDR TB guidelines were revised to be inline with the new WHO recommendations, which include XDR TB. Recording and reporting tools for drug-resistant TB were developed, and South Africa has 13 culture laboratories that perform drug sensitivity testing for first-line TB drugs. However, weak quality controls at laboratories made it difficult to measure microscopy data accurately. This is not anticipate

at laboratories made it difficult to measure microscopy data accurately. This is not anticipated to change in FY 2008; therefore, this indicator will not be tracked.

3.1 Health\3.1.6 Maternal and Child Health

Number of antenatal care (ANC) visits by skilled providers from USG-assisted facilities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	10,000	26,064	15,000	35,000

3.1 Health\3.1.6 Maternal and Child Health

Number of children less than 12 months of age who received DPT3 from USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1,500	16,227	3,000	17,000

3.1 Health\3.1.6 Maternal and Child Health

Number of people trained in child health and nutrition through USG-supported health area programs

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
102	200	275	250	250	92	190	262	225	225	10	10	13	25	25

3.1 Health\3.1.6 Maternal and Child Health

Number of people trained in maternal/newborn health through USG-supported programs

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
100	120	85	150	100	92	108	80	135	90	8	12	5	15	10

1325
chars

3.1.6 Maternal and Child Health narrative (no more than 1500 characters)

This was the first time that data for number of ANC visits by skilled providers has been collected. The actual exceeded the estimated target; therefore, the FY2008 target has been revised. Working in 68 facilities, an average of 238 children/facility (16,227 total) received DPT3, well above the target. This was the first time this indicator had been collected, and based on the results, targets for FY 2008 have been revised. Most health facilities in this program now have at least one nurse trained in Integrated Management of Childhood Illnesses (IMCI) to ensure that sick children are treated according to the IMCI guidelines. 275 people were trained in child health care and nutrition; this exceeded the target because there was greater demand than anticipated for this training. As a result of an assessment, the training activity for maternal/newborn health shifted focus to allow for more mentoring and training for each person trained, in order to improve the overall quality of services. Therefore, fewer people were trained under this indicator than originally planned. 85 community health care workers (HCW) were trained in addition to the 493 HCWs trained since project inception. The FY 2008 target has been reduced to reflect the shift in focus towards more in-depth training and longer mentoring.

g.

3.1 Health\3.1.7 Family Planning and Reproductive Health

Number of people trained in FP/RH with USG funds

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
100	150	186	175	220	92	135	150	158	210	8	15	36	17	10

3.1 Health\3.1.7 Family Planning and Reproductive Health

Number of USG-assisted service delivery points providing FP counseling or services

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target

1355

3.1.7 Family Planning and Reproductive Health narrative (no more than 1500 characters)

chars

The USG provided training and technical assistance to USG-supported health facilities to improve the knowledge and technical skills of health service providers in Family Planning and Reproductive Health (FP/RH). The number of people trained in FP/RH exceeded its target of 150 (186 actual) because there was higher demand than anticipated. With the added \$574K in FY 2007 funds (\$1m total), additional people will be trained and will be given more in-depth training and mentoring in FP/RH with USG funds; the FY 2008 indicator has been modified accordingly. To increase the uptake of FP, the USG implemented the youth-friendly services program that provided peer educators (young people aged 19 -24 years) in 48 of the 58 USG-supported facilities. After intensive training, the peer educators worked within the facilities to provide counseling and education for young people that use the clinic facilities. The peer educators worked with the health facility staff to improve the interaction and reception within the health facilities for young people and ensured that they received high quality services. The FY07 target of 800 for the custom indicator "number of people counseled on RH/FP" was greatly exceeded (the actual was 4,414), because this was the first year that data was captured; therefore, the target was adjusted accordingly for FY 08.

as adjusted accordingly for FY 08.

3.1 Health\3.1.8 Water Supply and Sanitation

Number of people in target areas with access to improved drinking water supply as a result of USG assistance

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5,210	82,000	65,326	70,000	70,000	-	-	-	-	-	-	-	-	-	-

3.1 Health\3.1.8 Water Supply and Sanitation

Number of people in target areas with access to improved sanitation facilities as a result of USG assistance

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	7,800	44,312	10,800	50,000	-	-	-	-	-	-	-	-	-	-

1431

3.1.8 Water Supply and Sanitation narrative (no more than 1500 characters)

chars

The FY 2007 target for improved drinking water supply was not met because of a change in the way that results were counted. When targets were set, the assumption was made that projected results could be counted when Municipal Infrastructure Grants were approved and not disbursed. Since this assumption is under review, the corresponding results have been excluded. Nevertheless, a total of 65,326 people gained access to improved drinking water supply through USG interventions. The USG provided TA to the Eastern Cape Provincial Housing Department, unleashing SAG resources for housing developments. By unblocking impediments for provincial housing, 44,312 people gained access to housing and basic services including water and sanitation. The USG also provided technical assistance (TA) to rehabilitate a leaking reservoir which provided 19,000 people with access to water. An additional 2,014 people gained access to drinking water as a result of TA provided for a community water management system. FY 2008 sanitation targets will be increased to reflect the USG's deployment of a technical team to help eradicate the bucket sanitation system in 56 targeted municipalities. The target for the custom indicator was surpassed with \$6,749,434 leveraged. Both the sanitation target and the custom indicator target were surpassed as a result of the housing develop

et were surpassed as a result of the housing developments in the Eastern Cape which were larger than expected.

3.2 Education\3.2.1 Basic Education

Does your program support education systems/policy reform? If yes, please describe the

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	-	1

3.2 Education\3.2.1 Basic Education

Number of administrators and officials trained

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of men					number of women				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
61	32	70	34	34	23	17	34	17	17	38	15	36	17	17

3.2 Education\3.2.1 Basic Education

Number of learners enrolled in USG-supported primary schools or equivalent non-school-based settings

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
497,073	230,606	239,675	263,964	210,047	251,183	113,210	117,018	131,982	102,544	245,890	117,396	112,657	131,982	107,503

3.2 Education\3.2.1 Basic Education

Number of learners enrolled in USG-supported secondary schools or equivalent non-school-based settings

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
23,462	-	NA	-	NA	11,949	-	-	-	-	11,513	-	-	-	-

3.2 Education\3.2.1 Basic Education

Number of Parent-Teacher Association or similar 'school' governance structures supported

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,251	1,543	1,121	1,456	191

Number of teachers/educators trained with USG support

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
948	1,416	1,723	1,782	638	720	1,075	1,396	1,200	542	228	341	327	582	96

1498
chars

3.2.1 Basic Education narrative (no more than 1500 characters)

FY 2006 data was not available at the time of the FY 2007 OP submission. Because it was anticipated that data would not be available to report at the end of each FY due to differences in timing with the education school year, FY 2006 final projections were put as the targets for FY 2007, and correspondingly FY 2007 targets were put as FY 2008 targets. To correct this, FY 2006 cumulative data for all indicators will need to be updated to include 2006 finalized data. The FY 2007 targets will remain for simplicity. FY 2008 targets were adjusted to capture results from October 1, 2007 to the end of project in June 2008. USG policy support focused on school fee, teacher pay scale and infrastructure policies, inclusive education and education information systems. Number of learners enrolled (239,675) includes schools from two projects (Mindset and Integrated Education Project). A six-week teacher strike in May-June 2007 caused the cancellation of a number of training events, thus the slight shortfall in meeting the FY 2007 target for Parent Teacher Associations (PTAs). FY 2008 target for PTAs has been lowered because the OP has changed the way it counts "people trained". FY 2007 actual numbers for teachers trained include 1,548 (1,276F, 272M) in-service teachers and 175 (120F, 55M) teachers who completed long-term university training. A standard indicator is added for F

mpleted long-term university training. A standard indicator is added for FY 2008 to capture the number of textbooks and other teaching materials provided with USG assistance.

4 Economic Growth - South Africa

4.3 Financial Sector\4.3.1 Financial Sector Enabling Environment

Number of financial sector supervisors trained with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	5	11	5	5	-	2	3	2	2	-	3	9	3	3

1158

4.3.1 Financial Sector Enabling Environment narrative (no more than 1500 characters)

chars

The USG provided training to 11 supervisors of the National Credit Regulator (NCR) on the credit life cycle, credit bureau information and concepts, and the interpretation of credit bureau reports. In terms of applied research activities, the USG funded work on the impact of indebtedness in urban households in Johannesburg; an evaluation of credit conditions and interest rates in different consumer credit markets; and, the design of legal framework for developmental credit. Furthermore, the USG contributed to nine material improvements in the infrastructure of the NCR through technical assistance on IT systems; the development of information booklets; the implementation of a communications and stakeholder relations campaign; the design of appropriate policies and business procedures for various new divisions; the design of legal framework for developmental credit; assistance on the establishment of the national credit register; a standard debt counseling process; a standardized framework for collecting data from credit bureaus; and training program for 415 magistrates to understand the terms and implications of the National Credit Act.

4.3 Financial Sector\4.3.2 Financial Services

Number of material improvements in the infrastructure institutions that reduce market risks

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	4

4.3 Financial Sector\4.3.2 Financial Services

Number of USG supported special funds loans issued this year

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	NA	-	-

4.3 Financial Sector\4.3.2 Financial Services

Value of the USG supported special funds loans issued this year

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	NA	-	-

1191

4.3.2 Financial Services narrative (no more than 1500 characters)

chars

The FY 2008 target for "infrastructure improvements" was revised to four to include the use of all funds. The other two standard indicator targets remain zero for FY 2008 because the special vehicle funds will only yield results in FY 2009. For custom indicators, Capitec Bank, backed by a 2004 DCA Guarantee, issued 362,583 loans worth \$96.5 million to low income households and small enterprises in FY2007 against targets of 337,392 and \$96.9 million respectively. A total of 162,859 loans (45%) amounting to \$42.4 million (44%) were issued to women. The USG used DCA to leverage \$53.3 million in a Special Purpose Vehicle (SPV) that will finance the development of a large mixed use residential development, catering to the affordable housing market. FY 2008 custom indicator targets have been revised to take into account Capitec activities, the SPV for residential development, and a new agribusiness DCA transaction to be concluded in FY 2008. One monitoring and evaluation report of the DCA Capitec activity was completed in FY 2007. All Capitec related targets were met using prior year funds and as such were not originally captured in the FY 2007 Operational Plan targets.

4.4 Infrastructure4.4.1 Modern Energy Services

Energy saved as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	7,500,000	3,240,000	8,500,000	8,500,000

4.4 Infrastructure4.4.1 Modern Energy Services

Number of people receiving USG supported training in energy related policy and regulatory practices

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	40	91	80	80	-	-	22	-	19	-	-	69	-	61

4.4 Infrastructure4.4.1 Modern Energy Services

Number of people with increased access to modern energy services as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5,210	1,520	19,950	9,880	9,880

4.4 Infrastructure4.4.1 Modern Energy Services

Total public and private dollars leveraged by USG for energy infrastructure projects

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	193,000	2,184,000	1,300,000	1,300,000

1474
chars

4.4.1 Modern Energy Services narrative (no more than 1500 characters)

The USG provided one municipality with technical assistance to implement energy efficiency strategies resulting in over 3,240,000 kilowatt hours (kwh) of energy saved. This under-achievement of the FY 2007 target of 7,500,000 kwh is due to stalled implementation caused by municipal delays in approving proposed energy conservation measures. The USG co-financed one national and five municipal conferences in which 91 people (22 women) were trained in renewable energy and energy efficiency best practices. FY 2007 targets were exceeded as a result of greater than expected demand for the training. The USG assisted the Eastern Cape Provincial Housing Department (ECPHD) to help its municipalities unblock constraints to housing delivery. As a result of this technical assistance, a total of 5,250 households (which translates to 19,950 people when using the South African average of 3.8 people/household) gained access to modern energy. An estimated \$2,184,000 was leveraged through these energy efficiency activities. This figure was calculated using individual houses (5,250) as a delivery unit for energy services and multiplying that by \$416 which is the amount it costs the municipality to connect a house to energy services. The USG greatly exceeded both of these targets as a result of the unexpected request from the ECPHD for technical assistance. Because

uest from the ECPHD for technical assistance. Because the activities have been completed with the ECPHD, the FY 2008 targets have not been adjusted.

4.5 Agriculture4.5.2 Agricultural Sector Productivity

Number of agriculture-related firms benefiting directly from USG supported interventions

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5,446	2,000	7,451	980	2,553

4.5 Agriculture4.5.2 Agricultural Sector Productivity

Number of individuals who have received USG supported short term agricultural sector productivity training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	4,335	573	1,943	-	-	1,828	175	759	-	-	2,507	398	1,184

1453
chars

4.5.2 Agricultural Sector Productivity narrative (no more than 1500 characters)

The USG greatly surpassed its target for "number of agriculture-related firms benefiting from USG interventions", largely due to the inclusion of results from partners receiving prior year funds. In addition, the implementing partner worked more extensively through farmer associations than expected, thereby greatly increasing the reach of the activities to more individual farms and agribusinesses. Since this successful approach will continue and activities funded with prior year funds will continue to achieve results, the FY 2008 target has been modified accordingly.

Historically, training figures have been captured in hours of training rather than persons trained, and so FY2007 targets for this standard indicator were not included in the FY 2007 Operational Plan. However, partners successfully reviewed and translated data from an "hours" basis to a "person" basis for FY 2007. The USG exceeded the original "hour-based" target; correspondingly, the number of persons trained also exceeded general expectations. This was due to the inclusion of activities that were funded with prior year resources. These included the following training activities for: 1) dairy farmers and dairy workers; 2) women's soap cooperatives; 3) agriculture cooperatives in the Free State; 4) marula fruit collectors/processors; and 5) agriculture biotechnology outreach training. FY 2008 t
essors; and 5) agriculture biotechnology outreach training. FY 2008 targets have been increased to include all sources of funding.

4.6 Private Sector Competitiveness\4.6.1 Business Enabling Environment

Number of the 11 core commercial laws put into place with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	2	3	2	2

**887
chars**

4.6.1 Business Enabling Environment narrative (no more than 1500 characters)

During FY 2007, the USG provided technical assistance to the Department of Trade and Industry (DTI) to review and begin the process for corporate law reform. These reviews included: company law, corporate governance law, and consumer protection law. USG-funded technical experts worked with DTI to draft the Companies Bill and the Consumer Protection Bill which govern these three sets of laws. They also facilitated the consultation process with cabinet, parliament, and the public. Both Bills were submitted to parliament, and passed. This assistance resulted in the enactment of the Companies Act and the Consumer Protection Act, including the accompanying legislation relating to the establishment of the National Consumer Commission. In 2008, activities will be extended to cover a range of laws governing competition policy, intellectual property, and estate agency laws.

4.6 Private Sector Competitiveness\4.6.2 Private Sector Productivity

Number of firms receiving USG assistance to improve their management practices

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
8,155	3,023	5,456	2,647	4,799

4.6 Private Sector Competitiveness\4.6.2 Private Sector Productivity

Number of SMEs receiving USG assistance to access bank loans or private equity

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2,695	250	827	500	1,038

4.6 Private Sector Competitiveness\4.6.2 Private Sector Productivity

Number of SMEs that successfully accessed bank loans or private equity as a result of USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
274	52	139	150	118

602

4.6.2 Private Sector Productivity narrative (no more than 1500 characters)

chars

The USG greatly exceeded FY 2007 targets for all three standard indicators as a result of counting activities that were implemented with prior year funds. FY 2008 targets have been revised accordingly. A custom indicator is being added at the Program Element level "Net change in private sector employment of USG Assisted SMEs". In FY 2007, the USG-supported activities generated 6,955 new jobs in the sectors of manufacturing, agribusiness, and services. The FY 2007 target was exceeded for the same reason mentioned for the standard indicators. The FY 2008 custom indicator target was revised.

4.6 Private Sector Competitiveness\4.6.3 Workforce Development

Number of persons participating in USG-funded workforce development programs

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	NA	-	NA	-	-	-	-	-	-	-	-	-	-

4.6 Private Sector Competitiveness\4.6.3 Workforce Development

Number of workforce development initiatives created through USG assisted public-private

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	NA	-	NA

302

4.6.3 Workforce Development narrative (no more than 1500 characters)

chars

The workforce development program was designed in collaboration with the South African Government and host country private sector partners. The procurement process is underway and the program is expected to begin implementation in mid-FY 2008. Reportable results are anticipated starting in FY 2009.

4.8 Environment\4.8.2 Clean Productive Environment

Number of improved laws/policies/regulation/agreements related to

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target

4.8 Environment\4.8.2 Clean Productive Environment

Number of people receiving USG supported training in environmental law, enforcement, public participation, and cleaner production policies, strategies, skills, and techniques

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	60	69	100	150	-	-	21	-	46	-	-	48	-	104

4.8 Environment\4.8.2 Clean Productive Environment

Number of people receiving USG supported training in global climate change including framework

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
82	240	69	275	325

1419
chars

4.8.2 Clean Productive Environment narrative (no more than 1500 characters)

The FY 2007 target of improved laws and policies related to pollution and urban environments drafted with USG assistance was met when the USG assisted an urban municipality to draft and conclude a service agreement between a private company and the municipality for extracting landfill gas. The target of 60 people trained in environmental law, enforcement, public participation and cleaner production policies, strategies, skills, and techniques was slightly exceeded, with 69 trained (21 women and 48 men). The USG launched a series of workshops and follow-on training sessions for 69 municipal managers and officials from five municipalities. However, the target of 240 people trained in global climate change was not met. Out of the targeted 240 people trained for this indicator, only 69 (21 women and 48 men) received training in FY 2007. USAID agreed in mid FY 2007 to co-sponsor and contribute technical assistance and expertise to a large Environment and Global Climate Change conference with SAG's Central Energy Fund and numerous other stakeholders. Unfortunately, partners could not agree on the conference date, and are now planning to hold the conference in April 2008. Participant numbers to the conference will yield results for both training indicators, and will be reported in FY 2008. Thus, the FY 2008 figures for both training indicators will be upwardly adjusted.

e FY 2008 figures for both training indicators will be upwardly adjusted to capture these results.

