

South Africa

The Development Challenge: Eight years after the fall of apartheid and the installation of a democratic government, South Africa has made remarkable progress closing the gap between historically privileged and disadvantaged groups. Major transformations of the judicial, education, health, housing and governance sectors have accompanied and facilitated this progress. Yet much work remains. South Africa's principal development challenges include a sluggish economy, a high HIV/AIDS infection rate, and spiraling crime. Income inequality is among the highest in the world. Nearly 60% of black South Africans live in poverty, compared to three percent of whites. Similarly, large disparities are found in job skills, education, health care, and housing among South Africans, over half of whom live in urban centers. South Africa's health system, ranked by the World Health Organization at a dismal 175th out of 191, struggles under the weight of HIV/AIDS and related diseases. South Africa has more people living with HIV/AIDS than any other country in the world. An estimated 20% of the population between 15 and 49 years of age is HIV positive, with an estimated 1,700 new infections daily. Child mortality rates, average by African standards, have begun to worsen. It is estimated that by 2005 at least 1.3 million children will be orphaned as a result of HIV/AIDS and that 23% of skilled and 32% of semi- and unskilled workers will be infected by 2005.

Despite South Africa's adherence to prudent monetary and fiscal policies, economic growth has been sluggish. The economy grew an estimated 3.5% in 2002 and is currently projected to grow at rates of 3.5% to 3.8% per annum for the next three years. This projected economic growth rate is insufficient to significantly reduce unemployment, currently estimated at 29% (36% for blacks and 6% for whites.) Although South Africa itself has been spared the direct ravages of drought and the misguided food security policies afflicting other countries in the region, prices of foodstuffs have risen 20% over the past year, while overall inflation was a bit under 15%. It is unlikely that South Africa's pursuit of prudent monetary and fiscal policies, public-private partnerships to deliver services, privatization, and greater international and regional trade will soon translate into more jobs and improved living conditions for South Africans.

With nearly half of the total population living below the poverty line, violent crime has become endemic in South Africa. In 2001-2002, nearly 21,500 murders and 54,000 rapes were recorded. While crime rates are among the highest in the world, the conviction rate, estimated at eight percent, is among the lowest. The high level of crime is a disincentive for much-needed foreign investment. It also contributes to disillusionment with democracy among South Africans, many of whom place less trust in elected institutions, view them as less responsive to public opinion, and are less satisfied with their performance than in 1998. As most South Africans have not reaped tangible benefits from the country's sharp turn to democracy and aggressive effort to integrate into the world economy, a growing number of observers now mark the next five years as critical for South Africa's future.

U.S. national interests in South Africa derive from South Africa's growing role as a political and economic leader in the region and on the continent as a whole and its relative stability as an anchor of democracy in the region. South Africa is a strong U.S. ally in the war on terrorism. South Africa remains one of the most important U.S. trading partners in sub-Saharan Africa and is an exporter of numerous products to the United States, including vehicles and parts, apparel, and fresh and canned fruits and vegetables, to name a few. South Africa is a major regional supplier of food to relief efforts in Africa's food-insecure countries, and South African ports, railways and trucking companies are utilized extensively in the distribution of food throughout Southern Africa.

The USAID Program: USAID is requesting funds for six objectives. They correspond to the South African government's priorities, and are reviewed annually with the government to ensure the program supports the country's economic and democratic transformation in ways that reduce disparities between historically privileged and disadvantaged groups. The program enhances capacities of institutions, skills of individuals, and linkages between South Africa and the U.S. More specifically, the program strengthens the criminal justice system's ability to prosecute criminals, and improves the health system's ability to deliver primary health care, particularly interventions to combat HIV/AIDS, tuberculosis and

related diseases, as well as maternal and child mortality. As noted, HIV/AIDS affects every aspect of South Africa's economy and social fabric. USAID's broad approach to mitigating the impact of the pandemic addresses sector-specific challenges by integrating HIV/AIDS activities into all programs. In education, USAID's program redresses the legacies of apartheid through targeted training to close critical skills gaps in the short term, while assisting in the transformation of the national educational system to become more inclusive and results-oriented. The program fosters educational linkages that did not exist or were constrained under apartheid. Small, medium, and micro-enterprises in urban and agricultural areas are linked to larger businesses and markets in South and southern Africa and the United States, and their growth helps create jobs. Financial institutions, new local governments formed from previously disparate and segregated communities, and civil society groups are brought together into new public-private partnerships to increase environmentally sound municipal services and housing for low income South Africans. FY 2003 funds will be used to implement these ongoing programs in the areas of democracy and governance, education, health, economic policy and capacity building, market-driven job creation, and municipal services and shelter. FY 2004 funds will fund the continuation of these programs. All FY 2003 and FY 2004 funds will support ongoing programs as described in the following Data Sheets.

Other Program Elements: More than 20 centrally funded activities complement the bilateral program, primarily in education, agriculture and enterprise development, and health. The Economic Growth, Agriculture, and Trade (EGAT) Bureau funds 17 grants to U.S. universities to assist South Africa's historically disadvantaged institutions to transform their institutions, support basic education initiatives, and improve classroom teaching skills. The EGAT Bureau supports the Global Technology Network, which facilitates business relationships between U.S. and South African firms. The EGAT Bureau funds several energy projects that complement the Global Climate Change (GCC) program, as well as a grant to a sustainable transportation institute that complements the GCC program. Moreover, EGAT co-funds support for the regulation of micro-finance institutions and encourages the development of sustainable institutions and instruments. The Democracy, Conflict, and Humanitarian Assistance Bureau funds two farmer-to-farmer grants that provide U.S. volunteer technical assistance on ways to improve agribusiness productivity and incomes. A grant funded by the Global Health Bureau supports a child survival program. Each USAID team collaborates actively with the Africa Bureau Regional Program in areas such as intra-regional trade, the environment, and HIV/AIDS. South Africa is a priority country under the Presidential Initiative for Prevention of Mother-To-Child Transmission (PMTCT) of HIV/AIDS, which will greatly expand USAID's current support in this area. USAID's Regional Center for Southern Africa (RCSA) co-funds work on port concessioning, electricity and telecommunications regulation, anti-monopoly regulation, and parliamentary training. USAID also collaborates with RCSA in funding the Afrobarometer survey, which measures people's attitudes toward democracy and the market. Finally, Africa Bureau funds support the Development Credit Authority guarantee to the Home Loan Guaranty Corporation, a not-for-profit insurer that provides HIV/AIDS insurance coverage for up to 35,000 low-income South African families.

Other Donors: Donor coordination is generally good and is organized by technical sector. USAID is the largest bilateral donor and second largest overall donor to South Africa. The largest donor is the European Union, which supports health, education, criminal justice reform, and community water projects. The second largest bilateral donor, the United Kingdom, assists in health, private sector development, democracy and governance, and criminal justice. Germany, with programs in democracy and governance, education, health, and economic policy, is the third largest donor. Sweden has programs in democracy, governance, and poverty alleviation.

South Africa PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	17,362	20,404	25,150	31,628
Development Assistance	32,665	36,804	36,278	27,457
Development Credit Authority	289	500	0	0
Economic Support Fund	800	600	0	2,000
Total Program Funds	51,116	58,308	61,428	61,585

STRATEGIC OBJECTIVE SUMMARY

674-001 Democracy and Governance				
CSH	0	0	250	500
DA	9,048	6,679	6,679	4,000
ESF	800	600	0	1,500
674-002 Education				
CSH	3,200	979	250	500
DA	2,529	9,422	9,400	7,220
674-004 Economic Capacity Building				
CSH	500	0	250	500
DA	5,508	6,210	4,700	3,426
674-006 Housing & Municipal Services				
CSH	0	0	250	500
DA	7,095	5,902	6,202	6,202
DCA	289	500	0	0
674-008 Primary Health Care and HIV/AIDS Assistance				
CSH	13,662	19,425	23,900	29,128
DA	1,125	0	0	0
ESF	0	0	0	500
674-009 Employment Creation				
CSH	0	0	250	500
DA	7,360	8,591	9,297	6,609

Data Sheet

USAID Mission:	South Africa
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	674-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$250,000 CSH; \$6,679,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$500,000 CSH; \$4,000,000 DA; \$1,500,000 ESF
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2005

Summary: The South Africa Democracy and Governance program addresses three critical threats to democracy: high levels of crime, low government capacity to deliver services and low civil society capabilities to advocate and be a sustainable partner with government in the delivery of services. USAID provides technical assistance to support the restructuring of South Africa's Department of Justice to improve the processing of criminal cases, to improve service delivery of the 284 local government entities and increase citizen participation with local government; and to increase the capacity of South Africa's civil society to engage government and monitor its performance.

Inputs, Outputs, Activities:

FY 2003 Program:

Develop a more effective and accessible criminal justice system (\$3,192,000 DA). South Africa has very high rates of violent crime and very low conviction rates. Thirty-three percent of all crimes recorded in 2001 were violent crimes, compared to 15% in the U.S. during that same year. Just 8% of all criminal cases tried in 2001 resulted in conviction. High crime contributes to disillusionment with a democracy that is not seen as responding fast enough to people's needs. A 2002 survey indicates that only 57% of South Africans believe that democracy is preferable to all other forms of government, lower than all other countries in the region except Zimbabwe. In order to stem this trend, USAID will assist the South Africa Department of Justice to restructure its management systems which will reduce the criminal case backlog by an additional 10% in 2003. USAID will continue to provide technical assistance to South Africa's National Prosecuting Authority to improve prosecution skills. USAID will support approximately 20 local initiatives to increase access to justice for victims of violent crimes, especially women and children, and to improve juvenile justice. Principal contractors and grantees: Creative Associates (prime). U.S. Department of Justice (prime).

Improve local service provision and citizen participation (\$1,500,000 DA, \$250,000 CSH). South Africa's decentralized local government system is expected to deliver key social services to communities, but local authorities lack the necessary operational capacity to effectively and efficiently do so. USAID will use DA funding to work with 24 of 53 metropolitan and district councils to fund the orientation of new ward councilors and to provide training for these councilors in development planning. These efforts complement USAID's Housing and Municipal Services program which works with the large cities. Local government is also responsible for public health care and HIV/AIDS is a serious problem for these localities. Using CSH funding, USAID will continue to support a program that identifies all existing government and non-governmental HIV/AIDS programs in 195 municipalities and brings government and community leaders together to develop and implement a comprehensive plan of action for mitigating the effects of the disease. USAID will fund the development of a database of local governance best practices and will disseminate findings to all 284 municipalities. In addition, USAID will support public hearings on the fifth and final piece of the local government restructuring legislative framework in advance of the vote in Parliament in 2003. Principal contractors and grantees are: Creative Associates (prime), Deloitte Touche (sub).

Support civil society programs (\$1,987,000 DA). One of the most gripping dramas witnessed by the world in the late 1980s was the power of South Africa's civil society bringing down the apartheid state. Today South Africa's civil society is weakening. Many of its best leaders have joined the government, and its organizations are often disengaged from government. In order to help local groups work more effectively, USAID will support a training program in analytical research methods to enable groups to better engage and monitor government. In addition, USAID will begin a training program to increase civil society participation in municipal budget making processes. To assist non-profit organizations to develop a stronger financial base, USAID will undertake an assessment of the benefits accruing from the tax reforms such as the law granting tax exempt status to non-governmental organizations that USAID-funded advocacy groups persuaded the government to adopt. USAID will train at least 1,000 leaders of civic organizations to qualify for tax exemptions and government resources. As a result, USAID expects the number of qualified registered civil society organizations to rise to 14,000. Principal contractors and grantees: Creative Associates (prime).

FY 2004 Program:

Develop a more effective and accessible criminal justice system (\$2,000,000 DA, \$600,000 ESF). With DA funding, USAID will continue to support the implementation of a decentralized court support service and a new case management system to reduce case backlog. To increase access to justice, USAID will deepen its support of 10 non-governmental organization initiatives aimed at improving juvenile justice and reducing youth crime and violence against women and children. In 2004 the case backlog will be reduced by a further 10%. USAID will use ESF to support South Africa's efforts to prosecute complex crime as well as the implementation of the new plea-bargaining legislation. Principal contractors and grantees: Creative Associates (prime), U.S. Department of Justice (prime), and other to be determined.

Improve local service provision and citizen participation (\$1,250,000 DA, \$500,000 CSH). USAID will use DA funds to intensify its support to local government through the 24 projects initiated in FY 2003. An ongoing assessment will help target program interventions. The program will continue support for the learning network that will permit the sharing of best practices among the 284 municipalities in ways that complement the Cities Network (which receives funding from USAID's Housing and Municipal Services program). USAID will provide technical assistance to a new government academy to train municipal officials to improve their planning and communication skills. Further, USAID will use CSH funds to complete the HIV/AIDS mitigation program in the original 195 municipalities and will implement it fully in the remaining 89 municipalities. Principal contractors and grantees: Creative Associates (prime) and Deloitte Touche (sub.)

Support civil society programs (\$750,000 DA, \$900,000 ESF). Using DA funds USAID will begin training non-profit organizations on how to qualify for tax benefits and government grants in the 24 municipalities in which it is working. USAID will also train these organizations in local government budgeting and procurement processes to build their capacity to advocate before local governments and monitor local government performance. USAID will begin providing technical assistance and training for improved management skills to non-governmental organizations engaged in crime and violence prevention. USAID will use ESF to support non-governmental organizations which work to address the human rights of people with HIV/AIDS. Principal contractors and grantees: Creative Associates (prime), and others to be determined.

Performance and Results: In March 2002, USAID, the South African Department of Justice (DOJ) and Business Against Crime (BAC), an organization of major corporations, formed a partnership that combines \$2.9 million from BAC with \$5.2 million from DOJ and \$5.4 million from USAID to implement a major restructuring of the criminal justice system. USAID support has contributed to the 19% reduction in the backlog of criminal cases from 133,556 in 2000 to 107,747 in 2002, a significant achievement in that the total number of cases referred to court increased by 48% from 529,000 in 1996 to 782,000 in 2001. The number of nonprofit organizations that have qualified for tax benefits and government grants nearly doubled from 6,637 to 11,471. In FY 2002, the USAID-supported program trained 1,076 civil society leaders in how to qualify for these tax benefits.

By the end of the program in 2005, the criminal case backlog will have been further reduced to approximately 50,000 cases, service delivery by local government will have improved as verified by surveys of public opinion, and a reinvigorated civil society sector will be engaged with both national and local government in policy advocacy and the monitoring of government performance.

US Financing in Thousands of Dollars

South Africa

674-001 Democracy and Governance	CSH	DA	DFA	ESF
Through September 30, 2001				
Obligations	0	57,496	37,202	4,660
Expenditures	0	42,086	36,347	3,763
Unliquidated	0	15,410	855	897
Fiscal Year 2002				
Obligations	0	6,937	0	600
Expenditures	0	7,190	789	244
Through September 30, 2002				
Obligations	0	64,433	37,202	5,260
Expenditures	0	49,276	37,136	4,007
Unliquidated	0	15,157	66	1,253
Prior Year Unobligated Funds				
Obligations	0	0	0	0
Planned Fiscal Year 2003 NOA				
Obligations	250	6,679	0	0
Total Planned Fiscal Year 2003				
Obligations	250	6,679	0	0
Proposed Fiscal Year 2004 NOA				
Obligations	500	4,000	0	1,500
Future Obligations	0	0	0	0
Est. Total Cost	750	75,112	37,202	6,760

Data Sheet

USAID Mission:	South Africa
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	674-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$250,000 CSH; \$9,400,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$500,000 CSH; \$7,220,000 DA
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2005

Summary: USAID's education program targets black South African children and adults who were denied the right to a quality education under apartheid and who need access to such education in order to participate and compete in the modern global economy. The dual education system resulted in poor literacy (48%) and numeracy (30%) scores of black fourth graders, which are below those of several other African nations. USAID assists in overcoming these legacies by reducing gaps at all educational levels. It focuses on: teacher development to upgrade teacher skills especially in math and science, curriculum reform, and skills training for youth and women to become part of a productive workforce. The program addresses management improvements in educational institutions, development of teaching and learning materials, and revision of policies to support the changes. USAID will improve policy planning and advocacy to mitigate the effects of HIV/AIDS on the education sector and integrate HIV/AIDS into the school curriculum through training and technical assistance.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve student performance (\$2,500,000 DA). Prior to 1994, most black teachers and students received inadequate education. USAID will fund a primary level follow-on program in over 900 schools focusing on teacher and curriculum development. The program will provide innovative teaching and learning materials, e.g., science kits and mobile "box" libraries, to improve teacher and student performance. USAID will strengthen the skills of education managers to improve assessment of student progress and will strengthen the skills of parents serving in parent-teacher organizations through training. Principal contractors and grantees: To be determined.

Teacher training (\$1,500,000 DA). South Africa is developing new secondary school curricula especially in math, science and technology to replace apartheid era teaching methods which were lacking in these areas and did not promote critical thinking. USAID will work with local higher education institutions and non-governmental organizations to develop and implement teacher training programs for teachers currently in the workforce. These programs will introduce quality materials to develop critical thinking skills and new teaching methods for 1,500 teachers in secondary school subjects. New public-private partnerships of U.S. and South African private businesses and government departments will jointly support these programs. Principal contractors and grantees are: Abt Associates (prime).

Workforce and skills training (\$1,100,000 DA; \$150,000 CSH). USAID will use DA funding to support training in critical fields such as accounting, business management and fiscal planning to which the black population was previously denied access. Using CSH funds, youth and adults will be trained in prevention techniques to reduce the spread of HIV/AIDS, to earn incomes and to care for affected family members. Principal contractors and grantees: To be determined.

Institutional capacity (\$2,300,000 DA). USAID will help South Africa minimize duplication and costs by merging 36 Universities and Technikons into 21 institutions. USAID will provide technical assistance to

review current programs, identify new institutional niches, and ensure that the institutions implement curricula of internationally accepted standards. Principal contractors and grantees: To be determined.

Impact of HIV/AIDS (\$600,000 DA; \$100,000 CSH). USAID will use DA and CSH funding to support teachers to instruct HIV/AIDS sufferers in non-discriminatory ways by developing training programs in Integrated HIV/AIDS Care with seven local tertiary institutions. Diplomas and degrees will be attached to the training programs to certify skills acquisition in this area. Principal contractors and grantees: To be determined.

Education policy reform and implementation (\$1,400,000 DA). USAID will finance technical assistance to integrate information technology and school curricula in urban and remote rural areas, and provide technology to enhance administrative systems and quality and content of school subjects. Principal contractors and grantees are: Abt Associates (prime) and another to be determined.

FY 2004 Program:

Improve performance of students (\$5,220,000 DA). USAID programs will provide resource materials to increase student performance in technology and communication, and continue basic education program support to 900 schools started in FY 2003. Principal contractors and grantees are: the Education Foundation (prime) and others to be determined.

Teacher training (\$600,000 DA). USAID will train high school teachers in the new math and science curriculum and 1,200 teachers in information technology and communication instruction while continuing to strengthen established public-private partnerships of U.S. and South African business to support these programs. Principal contractors and grantees are: Abt Associates (prime).

Workforce and skills training (\$400,000 DA). USAID will continue to focus on employment-linked skills training, especially for women, in mathematics, sciences, engineering, technology, accounting, agriculture and economics for improved employment in the public and private sector. Principal contractors and grantees: To be determined.

Institutional capacity (\$1,000,000 DA). USAID will train staff in the merged higher education institutions to design and implement policies that result in improved higher education practices. Principal contractors and grantees: To be determined.

Impact of HIV/AIDS on education (\$500,000 CSH). USAID will strengthen integrated education and HIV/AIDS curriculum development, and prevention and mitigation activities to reduce the impact of HIV/AIDS on the lives of students and their communities. Principal contractors and grantees: To be determined.

Performance and Results: USAID has successfully implemented education programs at all levels. USAID has helped develop an HIV/AIDS-positive Muppet character named Kami for Takalani Sesame, a radio and television program that makes education accessible to millions of pre-school children. USAID support to 600 primary schools has resulted in a 9% increase in student performance on tests at the third grade level, exceeding expectations. Based on these strong results, South Africa has asked USAID to expand this program to 1,500 schools. An August 2002 external evaluation found that curriculum training for over 7,700 teachers in disadvantaged primary schools has contributed to improved learner achievement. Two hundred, twenty-one classrooms in 30 flood-damaged schools, reconstructed by USAID in FY 2002, also received instructional resources. Box libraries provided books to 598 schools in the four poorest provinces, and science kits reaching over 14,000 students improved language skills and the practical application of science lessons. More than 3,000 principals and district officials and over 1,600 parents have been trained in school management and governance, resulting in better financial management and a substantial increase in the collection of school fees. USAID training programs have provided workforce skills and prepared 11,400 students for employment. An additional 17 departments at tertiary institutions implemented revised curricula to meet internationally accepted standards. An evaluation of the USAID-supported adult education program reported such good progress that South Africa allocated \$10 million of its own funds to expand the program nationally.

By the end of the program in 2005, USAID will have improved the management of educational institutions and decreased the skills gap, allowing more previously disadvantaged South Africans to participate productively in the workforce. Literacy and numeracy rates for third grade learners will increase by seven percent, functional school governing bodies will increase by 50%, over 3,000 students will complete math and science courses and the graduation rate from historically disadvantaged institutions will increase from 23% to 31%.

US Financing in Thousands of Dollars

South Africa

674-002 Education	CSH	DA	DFA	ESF
Through September 30, 2001				
Obligations	40,747	68,592	215,806	20,939
Expenditures	14,209	51,638	199,206	20,936
Unliquidated	26,538	16,954	16,600	3
Fiscal Year 2002				
Obligations	1,037	9,532	0	0
Expenditures	13,676	7,967	5,569	3
Through September 30, 2002				
Obligations	41,784	78,124	215,806	20,939
Expenditures	27,885	59,605	204,775	20,939
Unliquidated	13,899	18,519	11,031	0
Prior Year Unobligated Funds				
Obligations	0	0	0	0
Planned Fiscal Year 2003 NOA				
Obligations	250	9,400	0	0
Total Planned Fiscal Year 2003				
Obligations	250	9,400	0	0
Proposed Fiscal Year 2004 NOA				
Obligations	500	7,220	0	0
Future Obligations	0	0	0	0
Est. Total Cost	42,534	94,744	215,806	20,939

Data Sheet

USAID Mission:	South Africa
Program Title:	Economic Capacity Building
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	674-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$250,000 CSH; \$4,700,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$500,000 CSH; \$3,426,000 DA
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2005

Summary: USAID's economics program builds the capacity of historically disadvantaged South Africans to analyze economic problems and to design and implement market-based policies. Working on the rationale that good analysis leads to good policy, the program strengthens the abilities of historically disadvantaged South African individuals, economic think tanks and universities to contribute to the policy discussion. By focusing on capacity building and increasing the ability of historically disadvantaged South Africans, the program has been able to significantly strengthen the economic policy framework.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID will provide technical assistance and training to increase the capacity of South African Government departments to formulate and implement pro-market policies, such as:

Development of pro-growth and equitable tax and budget policies (\$3,200,000 DA, \$250,000 CSH). USAID DA funded technical assistance will help modernize and make the tax structure more equitable by providing technical assistance and training to 250 staff at the Southern African Tax Institute. The Institute was established by USAID and Harvard University with local universities and the National Treasury. USAID will extend its budget policy improvement program to the provincial level, complementing other USAID interventions aimed at boosting the capacity of local government to perform and ultimately deliver better services at affordable rates. USAID will train 25 parliamentarians in an ongoing academic program focused on analytical skills and will develop targeted economics training for new parliamentarians elected in early 2004. USAID also will support the National Treasury's Poverty Alleviation Unit to analyze current economic policy and to modify macroeconomic stabilization policies to focus on poverty and unemployment reduction. Using CSH funding, this work will include helping government officials and business leaders to understand the impact of HIV/AIDS. Principal contractors, grantees and agencies: U.S. Treasury (prime), and Nathan Associates (prime).

Completion of new land tenure policy in traditional homelands (\$500,000 DA). In 2002 USAID helped develop a draft bill that allows communities in traditional land tenure areas to have a menu of options on land tenure from traditional rights, to tradable use rights to full title ownership. Activities in 2003 will secure stakeholder acceptance of this approach, train 225 national, provincial and local government officials in how to implement the Act and develop an analytic impact monitoring system to enable government understand the results of land tenure reform. Principal contractors and grantees: Nathan Associates (prime), and University of Wisconsin Land Tenure Center (sub).

Privatization and Public-Private Partnerships (\$1,000,000 DA). This work entails the restructuring of the telecommunications and electricity sector and the design of procedures for privatization of those rail lines that are locked to a single use (such as coal or iron ore lines) and luxury passenger traffic. An additional 20 public-private partnerships deals will be completed and analytical and deal-making skills will be transferred to national government officials as USAID-funded advisors work increasingly at the provincial level. To improve the effectiveness of South Africa's regulatory function and restructuring efforts, USAID

will continue technical support to the South African Competition Commission, with additional support to electricity, telecommunications and financial market regulators. Principal contractors, grantees and agencies: Deloitte Touche (prime), Chemonics (prime), and U.S. Department of Justice/Federal Trade Commission (prime).

FY 2004 Program:

Development of pro-growth and equitable tax and budget policy (\$1,954,000 DA, \$500,000 CSH). USAID will provide technical assistance to complete policy design work at the provincial level, and to implement new tax and budget policies. Up to 50 provincial officials will be trained to run the new systems effectively. The Poverty Alleviation Unit will begin implementing pro-jobs and anti-poverty initiatives. CSH funding will continue to be used to help government officials and business leaders to understand the impact of HIV/AIDS. Principal contractors and grantees are the same as FY 2003.

Implementation of new land tenure policy in traditional homelands (\$472,000 DA). Concluding its involvement in the land tenure policy area, USAID will concentrate on training 275 provincial and local officials on implementing the new policy and using lessons learned to modify policy in line with experience. Principal contractors and grantees remain the same as FY 2003.

Privatization and Public-Private Partnerships (\$1,000,000 DA). USAID will complete work on partnerships initiated in FY 2003. USAID will continue assistance to the Competition Commission and the National Treasury's single financial regulator. Principal contractors and grantees remain the same as FY 2003.

Performance and Results: USAID's program to increase economic policy capacity in South Africa is over five years old, and its earlier emphasis on increasing the number of professional black economists no longer tells the full story of its accomplishments. USAID's training and technical assistance have led to important policy changes. For example, USAID was the principal donor providing technical assistance and training to the South African Treasury on public-private partnerships. The unit USAID supports has become one of the leading and most innovative public-private partnership units anywhere. Its work on outsourcing the operation and management of hospitals and clinics and school construction saves the government money while delivering increased services. The unit helps the USAID health, education and private sector programs achieve their objectives. The South African Government's information technology work supported by USAID is increasingly being done through private sector contracts, and major infrastructure projects are carried out through public-private partnerships.

USAID's training of parliamentarians in basic economics and budget analysis has led to expanded support for the South African Government's policy on macro-economic reform and heightened oversight by Parliament of government programs. Six of the ten parliamentarians on the new Budget Committee were selected because they had attended the USAID program. The Minister of Finance has praised this USAID work and allowed parliament limited authority to modify spending and tax bills. USAID's research program into the economic impact of HIV/AIDS, increasingly done by historically disadvantaged South Africans, led to increased budgetary allocations in 2002 for programs to mitigate the impact of the pandemic.

Historically disadvantaged South Africans trained by the USAID program on tax policy and revenue estimation moved quickly into senior positions and improved the accuracy of revenue estimation. These changes helped reverse inaccuracies in forecasting which had resulted in tax collections above government requirements thereby reducing potential for private investment. Technical assistance and training also helped government to propose changes to eliminate loopholes, improve equity and thereby increase collections and reduce income tax rates. For example, USAID helped the South African government develop new mining tax legislation and more equitable taxation of retirement benefits. USAID is helping the government analyze possible new environmental taxes.

At the end of the program in FY 2005, the number of black economists will have risen significantly. They will have the ability to analyze, design and implement key programs that help South Africa find the sustainable balance between public and private provision of social services and that accelerate economic growth.

US Financing in Thousands of Dollars

South Africa

674-004 Economic Capacity Building	CSH	DA	DFA
Through September 30, 2001			
Obligations	1,400	26,803	1,378
Expenditures	972	21,112	1,378
Unliquidated	428	5,691	0
Fiscal Year 2002			
Obligations	0	6,210	0
Expenditures	394	5,554	0
Through September 30, 2002			
Obligations	1,400	33,013	1,378
Expenditures	1,366	26,666	1,378
Unliquidated	34	6,347	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	250	4,700	0
Total Planned Fiscal Year 2003			
Obligations	250	4,700	0
Proposed Fiscal Year 2004 NOA			
Obligations	500	3,426	0
Future Obligations	0	0	0
Est. Total Cost	2,150	41,139	1,378

Data Sheet

USAID Mission:	South Africa
Program Title:	Housing & Municipal Services
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	674-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$250,000 CSH; \$6,202,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$500,000 CSH; \$6,202,000 DA
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2005

Summary: A significant percentage of South Africans remain under-served in their basic housing and service needs. USAID supports the delivery of shelter and environmentally sound municipal services, including housing, water and sewage, solid waste, transport, and electricity to historically disadvantaged households. The program supports the development of policies conducive to good management and the leveraging of resources for the sector; provides technical assistance to increase the management capacity of local authorities; provides technical assistance and training to non-governmental organizations and the private sector to enhance their partnerships with government in the finance and delivery of environmentally sound municipal services; and uses the Development Credit Authority (DCA) program and alliances to leverage private sector resources.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve policy and access to finance (\$2,350,000 DA). Barriers remain for lower income households to access housing finance and capital for infrastructure. USAID will support 10 private groups and local and provincial authorities to increase access to finance housing and infrastructure. This will benefit households obtaining new or improved housing and municipal services through \$30 million of leveraged investment. In conjunction with a World Bank loan, two USAID-funded advisors will continue work with the South African National Treasury on policy and implementation issues of municipal capital investment and municipal budgeting in at least 15 municipalities. USAID will use the DCA guaranty program to attract and leverage private sector investment, typically with \$1 generating over \$20, with a priority on provision of access to water and sanitation. Principal contractors and grantees: Urban Institute (prime); PADCO (prime); and Research Triangle Institute (sub).

Increase municipal capacity (\$3,852,000 DA; \$250,000 CSH). With legislation and policy largely in place and local government restructuring complete, the challenge is to increase the capacity of local authorities, now fully responsible for services. The program will concentrate on building the capacity of 15 larger cities in South Africa to assess cost of services, capital needs and means to improve service delivery. This complements USAID's democracy program support to small and rural municipalities to better manage and deliver services. This cross-cutting focus on local government recognizes the 75% share that cities have in the South African economy. Over 150,000 households are expected to receive new or improved services through USAID programs. (In FY 2002, a higher than anticipated number of transactions resulted in almost 600,000 households benefiting from USAID supported programs). Assistance from USAID will help five additional cities complete service cost assessments and improve service delivery systems. Applying lessons learned from another USAID-supported water project in South Africa, USAID will assist localities in the transfer of water management responsibility from the national to the local level. In addition, USAID will assist at least 10 local authorities to leverage private investment for infrastructure investment projects and change abilities of municipalities to monitor performance of private and public utilities. CHS funding will support local authorities' development strategies to address the impact of HIV/AIDS, treatment and care for people living with HIV/AIDS, and HIV/AIDS affected children and orphans. Sustainable development and mitigation of climate change will be addressed in all cities

assisted, with particular emphasis on energy efficiency and use of alternative energy sources. USAID will support a network of the nine largest municipalities which serve 40% of South Africa's population to increase sharing of lessons learned and best practices in areas such as city development strategies, economic development, transport issues and intergovernmental fiscal programs. Principal contractors and grantees: Chemonics (prime); PADCO, Inc.(prime), Research Triangle Institute (sub); and Megatech (prime).

FY 2004 Program:

Improve policy and access to finance (\$2,402,000 DA). USAID programs will help local and provincial governments, lenders, and local organizations expand access to credit through new mechanisms, including the national housing savings program. USAID plans to use DCA to support expanded access to credit for both households and local authorities. Principal contractors and grantees: Urban Institute (prime), PADCO (prime), Chemonics (prime) and Research Triangle Institute (sub).

Increase municipal capacity (\$3,800,000 DA; \$500,000 CSH). USAID will support municipal service expansion in 10 cities, with focus on water and sanitation, solid waste, and cross-sectoral issues such as HIV/AIDS, and urban rejuvenation. The cities will incorporate energy efficiency into service delivery design. Project specific assistance will continue to help develop public-private partnerships to improve management and encourage investment. Grants to non-governmental organizations will support services to the very poor and institutions working to increase municipal officials' capacity. Technical assistance will support clean technology and energy efficiency practice and business development. USAID will use CSH funding to support increased municipal capacity to design and implement activities to mitigate the impact of the HIV/AIDS epidemic. Principal contractors and grantees: Chemonics (prime), PADCO, Inc. (prime), Research Triangle Institute (sub); and Megatech (prime).

Performance and Results: In 2002, the program assisted almost 600,000 households in obtaining improved electricity, housing, water and sanitation, and/or solid waste. A public-private partnership structured by a USAID-assisted program brought close to \$40 million into the renovation and environmental clean-up of Johannesburg's largest power generation plant, ensuring that 200,000 households were not deprived of stable, affordable power. Three other such transactions were also begun in FY 2002, comprising most of the \$210 million leveraged by the program.

Two major pieces of legislation for housing and municipal finance, now in final discussion within the South African government, provide incentives for lending to lower income households. They also clarify and provide guidance for good municipal infrastructure financial management. Using DCA funds, USAID is also removing a risk factor in the housing lending market by supporting an HIV/AIDS home loan insurance product to reach 35,000 households. The South African government adopted a new housing subsidy policy, with USAID input, and is requiring equity (sweat equity, savings, or credit) to leverage the national subsidy. USAID worked with its partners to encourage action to address HIV/AIDS impacts, and along with research and policy support, piloted demonstration projects to address housing and service needs of orphans and HIV/AIDS affected families. Since 1996 USAID support has helped establish 20 new social housing institutions, each of which is slated to build and manage at least 2,000 units while also providing community support services. Climate change efforts made substantial progress, assisting eight cities in completing emissions inventories and action plans to reduce emissions. The efforts supported 16 community and technical groups in demonstrating the economic benefits of improved environmental technologies. Over two hundred schools participated in a global climate change (GCC) contest promoting awareness and activities related to GCC.

By 2005, 10 cities will have increased their capacity to access capital for infrastructure and to understand and manage municipal services and/or housing. They will be implementing systems and mechanisms to improve the quality and/or quantity of priority services for over 2,000,000 households. Financial instruments will be in place to enable a larger percentage of the population to access credit and banking services, particularly those with lower incomes.

US Financing in Thousands of Dollars

South Africa

674-006 Housing & Municipal Services	CSH	DA	DCA	DFA
Through September 30, 2001				
Obligations	200	50,756	1,871	41,609
Expenditures	44	30,914	1,194	40,678
Unliquidated	156	19,842	677	931
Fiscal Year 2002				
Obligations	0	5,902	1,011	0
Expenditures	135	12,715	677	340
Through September 30, 2002				
Obligations	200	56,658	2,882	41,609
Expenditures	179	43,629	1,871	41,018
Unliquidated	21	13,029	1,011	591
Prior Year Unobligated Funds				
Obligations	0	0	0	0
Planned Fiscal Year 2003 NOA				
Obligations	250	6,202	0	0
Total Planned Fiscal Year 2003				
Obligations	250	6,202	0	0
Proposed Fiscal Year 2004 NOA				
Obligations	500	6,202	0	0
Future Obligations	0	0	0	0
Est. Total Cost	950	69,562	2,882	41,609

Data Sheet

USAID Mission:	South Africa
Program Title:	Primary Health Care and HIV/AIDS Assistance
Pillar:	Global Health
Strategic Objective:	674-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$23,900,000 CSH
Prior Year Unobligated:	\$939,000 ESF
Proposed FY 2004 Obligation:	\$29,128,000 CSH; \$500,000 ESF
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	FY 2006

Summary: South Africa's health system is faced with a double challenge - a dramatic rise in HIV/AIDS prevalence, currently 20% of the population between 15 and 49 years of age, and the need to ensure equitable access to quality health services for the vast majority of South Africans who lacked health care under apartheid. USAID is building on South Africa's considerable medical strengths and assisting in key areas such as scaling-up better practices and lessons learned from pilot activities and integrating HIV/AIDS services into primary health care services at the community level. These efforts focus on HIV/AIDS prevention, care and support, management of primary health care (PHC) services and sexually transmitted infections (STI) as well as tuberculosis (TB) diagnosis and treatment. USAID coordinates efforts with the U.S. Department of Health and Human Services and the Centers for Disease Control, which also have substantial programs in South Africa.

Inputs, Outputs, Activities:

FY 2003 Program:

Expand HIV/AIDS Prevention Services (\$8,685,000 CSH). USAID will assist South Africa's HIV/AIDS prevention program by supporting innovative communications initiatives to foster behavior change; assisting provincial efforts to expand the availability of voluntary counseling and testing (VCT) and prevention of mother to child transmission (PMTCT) services; and strengthening systems for procurement and distribution of condoms. USAID will assist in expanding the number of PMTCT sites from nine to 18 in at least three high prevalence provinces and will ensure access to PMTCT services for all pregnant women in Soweto. These sites will operate as hubs and will provide training in PMTCT techniques to numerous health practitioners. Through John Hopkins University (JHU), USAID will continue to support the national and provincial AIDS programs with prevention messages including abstinence, partner reduction, etc. USAID financing will provide a long-term condom procurement and distribution advisor to the Department of Health (DOH), who will also assist in strengthening the availability of drugs for STIs. USAID will also provide financial support for technical assistance to the National AIDS helpline. USAID will competitively award a new grants management program to enable more organizations to scale up successful HIV/AIDS activities focusing on community-based, including faith-based, prevention that extends and complements the programs delivered through the national and provincial primary health care system. Particular preference will be given to proposals that reflect strengthened or new public-private partnerships in HIV/AIDS prevention. Principal contractors and grantees: Wits Health Consortium, Hope Worldwide, John Snow, Johns Hopkins University, JHPIEGO, Family Health International, EngenderHealth, and Management Sciences for Health (all prime).

Expand HIV/AIDS Care and Support Services (\$5,685,000 CSH). USAID will support at least 20 community organizations reaching 20,000 orphans and vulnerable households that provide care and support services, including home-based and hospice care, community mobilization, and psycho-social support for vulnerable households and children. USAID is piloting an innovative private sector initiative to use a new software application to improve the quality of anti-retroviral treatment to personnel of at least two major corporations. Principal contractors and grantees: Hope Worldwide, Nelson Mandela Children's Fund, Wits Health Consortium, Right-to-Care, Family Health International (all prime).

Improved Primary Health Care Services (\$5,685,000 CSH). USAID will assist South Africa in transforming primary health care services in the poor regions (comprising approximately two-thirds of South Africa's population) by improving the health care information and management systems, enhancing quality of care, devolving health care responsibilities closer to the people served, and improving the management of primary health care drugs. USAID will provide technical assistance and training to at least 5,000 national, provincial and district health care staff to improve resource and clinic management, the quality of health services and the use of data for decision-making. Principal contractors and grantees: Management Sciences for Health, Quality Assurance Program, Wits Health Consortium, JHPIEGO (all prime).

Improved STI and TB Diagnosis and Treatment (\$3,845,000 CSH). USAID will assist South Africa in improving the diagnosis and management of STIs and TB through technical assistance, training and strategic planning and will integrate best practices into the primary health care delivery system. USAID will fund expanded programs for diagnosis and treatment of STIs among high risk populations, provide support for STI coordinators nationwide and provide training and technical assistance to at least 1,000 clinic staff and community volunteers to improve TB diagnosis and increase the percentage of patients who successfully complete treatment. Principal contractors and grantees: Clapp and Mayne, the National Health Laboratory Services, Wits Health Consortium, Management Sciences for Health, John Snow (all prime).

FY 2004 Program:

Expand HIV/AIDS Prevention Services (\$11,374,000 CSH; \$500,000 ESF). USAID plans to expand coverage through existing implementing partners. USAID anticipates expanding its small grants program to more organizations reaching rural and urban communities in high HIV/AIDS prevalence provinces. These efforts will foster greater public-private partnerships, especially at the community level. USAID will use ESF to support non-governmental organizations which work to address the human rights of people with HIV/AIDS. Principal contractors and grantees are the same as in FY 2003.

Expand HIV/AIDS Care and Support Services (\$8,874,000 CSH). USAID will expand care, support and treatment activities, including expansion of partnerships with the private sector to provide treatment for employees. USAID will replicate promising models in community care and support, palliative care, and support for households with orphans and vulnerable children. Principal contractors and grantees are the same as in FY 2003.

Improve Primary Health Care Services (\$5,505,000 CSH). USAID plans to support South Africa's efforts to strengthen the capacity of public sector facilities, especially in historically disadvantaged areas, to deliver quality PHC services. Specific interventions may include expansion of pilot activities in three of nine provinces and increased integration of HIV/AIDS services into routine clinic services and at the community level. Principal contractors and grantees are the same as in FY 2003.

Improve STI and TB Diagnosis and Treatment (\$3,375,000 CSH). USAID plans to continue support to improve the diagnosis and treatment of STIs and TB. Specific interventions may target expansion of community-based directly observed treatment programs for TB; improvement in the quality of STI diagnosis and management in clinics in at least four provinces; and continued assistance in monitoring the implementation of medium-term TB plans in all provinces. Principal contractors and grantees are the same as in FY 2003.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City policy.

Performance and Results: During FY 2002 in Soweto, the largest USAID-supported PMTCT program in the world made services available at all public health clinics, reaching over 90 percent of pregnant women in this city of three million people. In the Eastern Cape, one of South Africa's poorest regions, the number of primary health care facilities offering VCT increased from eight to 110. USAID support increased availability of effective TB diagnosis through the use of taxis, cell phones and motorbikes to facilitate

transport of lab samples between clinics and TB laboratories. To ensure quality care and support for HIV/AIDS patients, USAID trained nearly 500 health workers to implement guidelines for managing opportunistic infections. In addition, USAID launched Right to Care, a public-private partnership designed to provide treatment to HIV-positive people who are employed. USAID was key in securing support and funding from the private sector. By the end of the project, USAID will have increased access to primary health care and HIV/AIDS services to cover more than 50% of the South African population.

US Financing in Thousands of Dollars

South Africa

674-008 Primary Health Care and HIV/AIDS Assistance	CSH	DA	DFA	ESF
Through September 30, 2001				
Obligations	35,266	23,697	8,400	0
Expenditures	6,335	18,723	8,227	0
Unliquidated	28,931	4,974	173	0
Fiscal Year 2002				
Obligations	19,367	0	0	0
Expenditures	16,653	4,237	131	0
Through September 30, 2002				
Obligations	54,633	23,697	8,400	0
Expenditures	22,988	22,960	8,358	0
Unliquidated	31,645	737	42	0
Prior Year Unobligated Funds				
Obligations	0	0	0	939
Planned Fiscal Year 2003 NOA				
Obligations	23,900	0	0	0
Total Planned Fiscal Year 2003				
Obligations	23,900	0	0	939
Proposed Fiscal Year 2004 NOA				
Obligations	29,128	0	0	500
Future Obligations	0	0	0	0
Est. Total Cost	107,661	23,697	8,400	1,439

Data Sheet

USAID Mission:	South Africa
Program Title:	Employment Creation
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	674-009
Status:	Continuing
Proposed FY 2003 Obligation:	\$250,000 CSH; \$9,297,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$500,000 CSH; \$6,609,000 DA
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2005

Summary: One of the legacies of apartheid is the co-existence within South Africa of two divergent economies - one a primarily modern industrial economy, the other primarily based in informal trading and agriculture with the historically disadvantaged population. Given the 36% unemployment rate among the majority black population, compared to six percent for the white population, growth in employment is a top priority of the South African Government and, according to a 2002 survey, the top priority for all South Africans. USAID's program to create employment for historically disadvantaged people fosters the growth and development of small, medium and microenterprises (SMMEs) and agribusinesses by creating business linkages between the country's two economies. The program provides technical assistance and training to assist historically disadvantaged businesses to identify and effectively exploit new markets, build capacity and secure finance to grow.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID's program works on business development in both urban and rural settings with additional effort on increasing access to finance for urban-based microentrepreneurs.

SMME Development (\$4,547,000 DA; \$125,000 CSH). USAID's program creates employment through supporting the growth and development of small, medium, and micro-enterprises. The program supports historically disadvantaged small and medium-sized enterprises by providing technical assistance to help firms develop and access new South African and international markets. USAID assistance, provided on a 50% cost-sharing basis, is expected to generate over 250 business transactions at a value of over \$120 million by assisting with product development and packaging, business plan preparation, financial management, international standards certification, human resource management and participation in trade shows. USAID provides technical assistance to help these SMME's seize opportunities for regional and global trade including with the U.S. under the African Growth and Opportunities Act (AGOA).

In the urban area, USAID's program supports microentrepreneurs and will expand into two of South Africa's poorest provinces and cover one-third of South Africa's total population. Greater emphasis will be given to sub-sectors with high potential to generate jobs, such as retail and cleaning services. The program will continue to link clients with non-traditional financial institutions and support a microfinance institution making small, short-term loans available to eligible groups of microentrepreneurs. With CHS funding, the program will create contingency plans for small businesses to deal with the consequences of HIV/AIDS. Finally, USAID will seek opportunities to increase the flow of capital to SMMEs through the Development Credit Authority (DCA). Principal contractors and grantees: Corporate Council on Africa (prime), Ebony Consulting International (subcontractor), Enterprise Management & Innovation (prime), Foundation for International Community Assistance (prime), and Megatech (prime).

Agribusiness Development (\$4,750,000 DA; \$125,000 CSH). USAID's focus on business development extends to the rural sector where it will help small-scale agricultural enterprises take advantage of existing market systems and mechanisms such as forward contracting, market information and technologies for

adding value to products. The program will build the capacity and competitiveness of small-scale agribusinesses by helping them forge linkages with established agribusiness entities, including commodity associations, cooperatives, and research institutes. The program will assist 35,000 disadvantaged agribusinesses, of which over 7,500 will gain access to new markets for their products and obtain credit to purchase seeds, fertilizer and farm equipment. Over 24,000 agribusinesses will receive training in entrepreneurship. Over 2,400 will obtain technical advice on crop and livestock production and new product development. The program will facilitate ongoing efforts to complete market-driven land transfers, valued at \$3.5 million, from white farmers to black emergent farmers. USAID will continue to provide technical assistance to facilitate the financial restructuring of state-owned agricultural assets and ensure the commercial viability of the privatized businesses. USAID will provide targeted technical assistance in the critical policy area of rural and agricultural finance through a long-term advisor to the Department of Agriculture. Technical assistance and grant opportunities will support research in key aspects of biotechnology and access to finance. The program will look for opportunities to increase access to finance for small agribusinesses through DCA. With CSH funding, USAID will support community-based efforts to mitigate the impact of HIV/AIDS on small rural businesses. Principal contractors and grantees: Deloitte Touche Tohmatsu (prime), Enterprise, and Management & Innovation (prime).

FY 2004 Program:

SMME Development (\$2,646,000 DA; CSH \$250,000). USAID plans to build on successful business linkage programs to increase market opportunities within South Africa and internationally. Technical assistance and business advisory services will be used to help small businesses further tap into AGOA and regional trade opportunities. There are plans to collaborate with USAID's regional program to expand trade within Southern Africa. As a result, opportunities to link with Africa-regional and U.S.-based regional trade and agriculture initiatives will expand. Using CSH funding, the program will continue to assist small businesses address the impact of the HIV/AIDS pandemic. Principal contractors and grantees: Corporate Council on Africa (prime), Ebony Consulting International (sub), and Megatech (prime).

Agribusiness Development (\$3,963,000 DA; \$250,000 CSH). USAID plans to continue its program to support small-scale agribusiness and expand activities to small scale black farmers. The program may assist emergent businesses and individuals to invest in public agricultural enterprises scheduled for restructuring. Assistance may support the transfer of ownership of such state-owned enterprises to targeted small businesses by assisting with the transaction process and developing financing packages. Opportunities to contribute to research on biotechnology and land tenure issues will continue. CSH funding will be used to address the impact of HIV/AIDS on agribusiness. Principal contractors and grantees: Deloitte Touche Tohmatsu (prime), Enterprise, and Management and Innovation (prime).

Performance and Results: By successfully linking the resources and markets of South Africa's modern manufacturing and service industries with historically disadvantaged small businesses, USAID's FY 2002 program expanded both the number and value of completed business transactions and jobs created by such firms. Over new 5,000 jobs in the SMME sector were attributable to USAID's program in FY 2002. Due to increased access to business development services and assistance in identifying new business opportunities, SMMEs and agribusinesses recorded sales transactions worth \$194 million. USAID-supported programs helped small urban and rural businesses access approximately \$25 million in private financing.

By program completion, SMMEs and agribusinesses will have improved their marketing, production and management capabilities and will have become active well-informed participants in markets for their goods and services. These businesses will have completed transactions valued at over \$500 million, helped to transfer over 100,000 hectares of farmland, and will be significant sources of employment.

US Financing in Thousands of Dollars

South Africa

674-009 Employment Creation	CSH	DA	DFA
Through September 30, 2001			
Obligations	705	19,147	19,567
Expenditures	620	9,886	19,462
Unliquidated	85	9,261	105
Fiscal Year 2002			
Obligations	0	8,591	0
Expenditures	40	6,430	30
Through September 30, 2002			
Obligations	705	27,738	19,567
Expenditures	660	16,316	19,492
Unliquidated	45	11,422	75
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	250	9,297	0
Total Planned Fiscal Year 2003			
Obligations	250	9,297	0
Proposed Fiscal Year 2004 NOA			
Obligations	500	6,609	0
Future Obligations	0	0	0
Est. Total Cost	1,455	43,644	19,567