



## Economic Development

### United States Embassy in South Africa

# AMERICA INVESTS IN SOUTH AFRICA

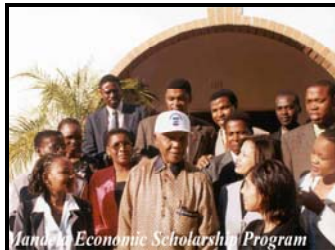


### BACKGROUND

South Africa has the strongest economy on the continent. Nearly one-third of the income in sub-Saharan Africa originates in South Africa. The country's market-oriented economy encompasses mining, agriculture, manufacturing, and services.

Progress has been significant since 1994, but apartheid caused poverty, hindered sustained growth, and affected education. Unemployment stands at 30%, and about 60% of black South Africans are impoverished. Housing, basic services, education, and skills are widely inadequate. The income gap remains vast. High crime rates and difficult labor relations deter investment and encourage brain drain.

The American government and private sector want to work with South Africans to improve the country's socio-economic development and education system. The U.S. Embassy aims to promote equitable economic growth and create jobs in South Africa by: improving the capacity of government and civil society to develop and implement economic policies; and, strengthening the education system and skills base, especially among historically disadvantaged South Africans.



*Janet's Economic Scholarship Program*

### WHAT IS THE U.S. MISSION DOING?

- Generating jobs and helping entrepreneurs by providing over \$40 million in assistance to small agribusinesses and urban small businesses.
- Providing scholarships in economics and strengthening economics programs at historically disadvantaged South African universities.
- Linking 17 historically disadvantaged South African universities with U.S. institutions to provide staff training and improved management and planning.
- Giving grants under the Fulbright program to 30 South African students and scholars and a similar number of Americans each year to pursue research or degrees in each other's country.
- Sponsoring training programs in agriculture, commerce, business skills, science, engineering, technology, mathematics, and building construction.
- Improving the quality of economic analysis and opportunities for black South Africans to participate in government analysis and decision-making.
- Contributing to improved economic policy in areas such as advancing tax reform, designing a capital gains tax and strengthening tax audit and compliance procedures.
- Providing housing and infrastructure financing through local institutions for shelter, water and solid waste services. Cooperating with financial institutions to provide housing and infrastructure financing for shelter, water and solid waste services.



*Photo by P. Pappas/USAID South Africa*

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### WHAT HAS HAPPENED?

- The U.S. Agency for International Development (USAID) has invested \$120 million in private sector development in South Africa since 1987; small enterprise development programs supported by USAID generated more than 25,000 jobs.
- Smaller businesses have accessed over \$130 million in funding finance since 1997; the majority of this money was leveraged from South African banks and financial institutions.



- U.S. universities, foundations, USAID, and Peace Corps are strengthening education curricula, training staff and students, and improving libraries. Special attention is being given to math, science, and technology courses.
- Village banking and financial service cooperatives in rural areas have enabled low-income South Africans to access savings, loans, and business services, and to transfer funds.
- 72 economists trained in the U.S. at the graduate level under the Mandela Economic Scholarship Program, are working in the SA government. 50 historically disadvantaged South Africans received local scholarships each year. Over 1,200 people received short-term economics training.
- Global Technology Network helped transfer technology/services between small/medium sized U.S. companies and S.A. companies to stimulate more than \$1.2 million in trade since January 2002.
- USAID's program helped 45 parliamentarians whose education was handicapped during apartheid to earn BA or MA degrees in Economics.
- Public-private partners invested \$680 million in critical basic infrastructure. An additional \$687 million has been leveraged through new credit schemes for private financiers.
- Takalani Sesame Street, developed with USAID, prepares children for reading, math, writing, HIV/AIDS education, and shows how the media can be an effective educational tool.

### WHAT'S NEXT?

- Increase new employment opportunities by supporting training in sectors where skilled staff is needed by public and private employers.
- Work with American Chamber of Commerce on activities to promote Black Economic Empowerment.
- Continue providing long-term financing to small businesses through \$50 million Enterprise Fund.
- Facilitate linkages between smaller and larger South African and U.S. businesses to support job creation and efforts to increase incomes.
- Provide assistance from the U.S. Department of Justice and Federal Trade Commission to the South African Competition Commission to restrain monopoly practices.
- Assist the South African Treasury, through the U.S. Treasury, to develop and reform the tax system and enhance government decentralization, by improving provincial and local government abilities to budget and generate revenue.
- Set up a facility to analyze and test programs to alleviate poverty and reduce unemployment.
- Work with entrepreneurs to increase the use of clean energy technologies.



### USEFUL WEBSITES

#### Economic Issues

<http://usinfo.state.gov/topical/econ>

#### USAID

<http://www.sn.apc.org/usaid.sa/>

#### Africa Grantmakers Affinity Group

<http://www.africagrantmakers.org/>

#### U.S. Peace Corps

<http://www.peacecorps.gov>

Issue Papers are released by the Public Affairs Office of the United States Embassy in South Africa

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