

Data Sheet

USAID Mission:	South Africa
Program Title:	Employment Creation
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	674-009
Status:	Continuing
Planned FY 2005 Obligation:	\$6,603,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$7,483,000 DA
Year of Initial Obligation:	2000
Estimated Year of Final Obligation:	2007

Summary: South Africa's high rate of unemployment (29.6% for the historically disadvantaged population) is a serious threat to the country's young democracy. USAID is helping South Africa to create sustainable employment through a program that fosters the growth of small, medium, and micro enterprises owned by historically disadvantaged entrepreneurs. These enterprises--which employ approximately 54% of the workforce and generate 35% of South Africa's gross domestic product--are critical to the growth of South Africa's economy. For many historically disadvantaged entrepreneurs, USAID's services are the only forms of assistance and mentoring they receive. USAID facilitates technical assistance and training to help historically disadvantaged firms identify new domestic and international markets, build production and management capacity, secure financing to expand and, ultimately, to create sustainable private sector employment--the number one priority for South Africa.

Inputs, Outputs, Activities:

FY 2005 Program: Increase Private Sector Growth (\$6,603,000 DA). USAID is helping nearly 7,500 historically disadvantaged small, medium, and micro-level enterprises to meet production, quality, financial, and regulatory requirements so they can expand their markets and competitively participate in domestic and global economies. USAID is continuing to expand its successful business linkage program, which matches historically disadvantaged small and medium enterprises (SMEs) in the manufacturing and services sectors with other African firms and U.S. companies that serve as both markets and mentors for these developing enterprises. USAID also is continuing to prepare client entrepreneurs to take advantage of access to U.S. markets under the African Growth and Opportunity Act (AGOA), with an expected \$18.5 million in sales to be generated in that target market. In addition, funds from the Trade for African Development and Enterprise initiative are being used to help South African SMEs to identify \$10 million in new trade opportunities within Southern African Development Community countries. Overall, USAID support to historically disadvantaged SMEs in South Africa is expected to generate 3,200 private sector jobs and \$150 million in new sales.

In the agricultural sector, USAID is continuing its successful agribusiness linkages and marketing program, helping to match historically disadvantaged small, medium, and micro-level farmers and agribusinesses with mentors, inputs, training, financial services and, most importantly, the domestic and international market connections necessary to increase jobs and incomes. The agribusiness linkages program recently expanded its coverage to eight of South Africa's nine provinces, which is significantly increasing the numbers of agricultural and agribusiness clients assisted by the program. As a result of USAID's support to the agribusiness sector, over 7,000 small, medium, and micro agricultural enterprises are being assisted to create over 2300 new jobs and over \$33.75 million in sales of vegetables, fruits, specialty teas, livestock, seafood, spices, and other niche products.

USAID is supporting the development of microenterprises in the construction and agro-processing sectors in order to help the very poor to access the resources they require to improve competitiveness and operate in the formal private sector economy. In addition, USAID anticipates transferring \$150,000 to the Development Credit Authority (DCA) to expand access to finance for small firms. To address the sensitive issue of land tenure in South Africa, USAID is continuing to support the expansion of "willing seller-willing buyer" sales between large commercial enterprises (farms and agro-processors) and their workers. While

USAID will assist with just 16-20 additional large agriculture enterprise sales in FY 2005, these sales provide clear proof that such transactions are possible and feasible. USAID funds also continue to support research and outreach on biotechnology in support of small farmers and agribusinesses. Principal contractors and grantees: Corporate Council on Africa (CCA), Emerging Markets Group (formerly Deloitte Touche Tohmatsu), World Education Ntinga, ARD, Inc., Megatech, Inc., and Capitec Bank (all prime), and ECIAfrica and AfricaBio (both subs).

FY 2006 Program: Increase Private Sector Growth (\$7,483,000 DA). USAID will build on successful business linkages programs to increase market opportunities for historically disadvantaged small, medium, and micro-level enterprises involved in the manufacturing, services, and agricultural sectors, with the objective of generating employment and income. In FY 2006, USAID will assist over 400 services and manufacturing small and medium businesses from the historically disadvantaged community to help create over 3,700 jobs and generate over \$167 million in sales. USAID-funded technical assistance and business advisory services will help 75 SMEs develop the capacity to further tap into regional and AGOA trade opportunities. USAID anticipates transferring \$200,000 in DA funds to further expand financing for small business activities.

In the agricultural sector, USAID plans to work with over 10,125 small, medium, and micro agribusinesses from historically disadvantaged communities to create over 500 new jobs and significant income through the generation of up to \$56 million in agricultural sales for small farmers and agribusinesses. Resources also will be used to complete "willing seller-willing buyer" transactions between commercial farm enterprises and black farm workers. USAID also plans to support specific efforts to enhance access to finance for small, medium, and micro agricultural enterprises. Activities in biotechnology research and land tenure that impact agribusiness success are expected to continue. Principal contractors and grantees: CCA, Emerging Markets Group, ARD, Inc., and Capitec Bank (all prime), and ECIAfrica and World Education Ntinga (both subs).

Performance and Results: The USAID employment generation program has exceeded expectations since 2003 in its generation of over 4,500 jobs and over \$279 million in sales contracts in the small and medium business and agribusiness sectors. Small businesses that use USAID regional and U.S. trade activities have shown considerable success, concluding over \$35.8 million in export sales and exceeding overall 2004 export targets by 58%. Small, medium, and microenterprise businesses assisted by USAID have secured \$10.5 million in financing in the past year (15% above the target).

The agribusiness linkages program created nearly 500 jobs in FY 2004 and generated over \$26 million in sales revenue by historically disadvantaged agribusinesses through 29,041 sales and support to 1,730 farms and agribusinesses. USAID also has helped agribusinesses to access over \$13.6 million in financing. The success of the agribusiness program, which targets rural areas throughout South Africa, has been widely acknowledged by provincial governments, several of which have already or are planning to buy into the program with their own funds.

By program completion, nearly 20,000 historically disadvantaged small, medium, and micro-enterprises and agribusinesses will have improved their marketing, production, and management capacities, and will have become robust participants in national and international markets. Businesses supported by the USAID program will complete transactions valued at over \$646 million, and will be significant sources of private sector employment.

US Financing in Thousands of Dollars

South Africa

674-009 Employment Creation	CSH	DA	DCA	DFA
Through September 30, 2003				
Obligations	705	36,269	0	20,558
Expenditures	675	23,529	0	20,492
Unliquidated	30	12,740	0	66
Fiscal Year 2004				
Obligations	0	6,937	76	250
Expenditures	0	6,969	-19	0
Through September 30, 2004				
Obligations	705	43,206	76	20,808
Expenditures	675	30,498	-19	20,492
Unliquidated	30	12,708	95	316
Prior Year Unobligated Funds				
Obligations	0	0	0	0
Planned Fiscal Year 2005 NOA				
Obligations	0	6,603	0	0
Total Planned Fiscal Year 2005				
Obligations	0	6,603	0	0
Proposed Fiscal Year 2006 NOA				
Obligations	0	7,483	0	0
Future Obligations	0	73,887	0	0
Est. Total Cost	705	131,179	76	20,808