

## Data Sheet

<b>USAID Mission:</b>	South Africa
<b>Program Title:</b>	Economic Capacity Building
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	674-004
<b>Proposed FY 2004 Obligation:</b>	\$500,000 CSH; \$3,254,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$2,400,000 DA
<b>Year of Initial Obligation:</b>	FY 1996
<b>Year of Final Obligation:</b>	FY 2007

**Summary:** USAID's economic capacity building program helps develop the potential of historically disadvantaged South Africans to analyze economic problems and to design and implement market-based policies. Through technical assistance and training, the program strengthens the abilities of historically disadvantaged South African individuals, economic think tanks, and universities to contribute to policy discussions and decision-making. This approach has significantly strengthened the economic policy framework in order to emphasize pro-growth policies that also reduce poverty and increase employment.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Development of pro-growth and equitable tax and budget policy (\$2,454,000 DA; \$500,000 CSH). Using DA funds for technical assistance and training, USAID will assist the government of South Africa to build on its macro-economic framework to reduce poverty and unemployment. USAID, working jointly with the United Kingdom, will train up to 50 provincial officials to design, implement and monitor South Africa's new pro-job and poverty reduction programs. Forty parliamentarians will graduate with a diploma in economics from USAID's parliamentary training program, and another 80 legislators will complete training on investigating government misspending. USAID technical assistance will further strengthen the role of the Parliamentary Budget Committee, contributing to more public debate and transparency in budget allocations. Through technical assistance, USAID will help South Africans implement new budget legislation that uses impact indicators to focus on results-based decisions. USAID will support U.S. Treasury training to design and implement deposit insurance at financial institutions. USAID, in support of PEPFAR, will continue to use CSH funding to help government officials, business and labor leaders understand the impact of HIV/AIDS with a focus on cost-effective approaches and on monitoring the impact of South Africa's roll-out of anti-retroviral treatment. Principal contractors: U.S. Treasury; Nathan Associates.

Implementation of new land tenure policy in traditional homelands (\$300,000 DA). Recent proposed changes in South Africa's land tenure legislation expands the participation of "vulnerable groups" (women and children) in decision-making on land allocations in traditional areas, in collaboration with traditional authorities. For the first time, this allows women to own traditional land in their own right. USAID will assist with key training for these new stakeholders. In addition, USAID will help build South African capacity in alternative dispute resolution techniques to develop ways of resolving disagreements outside the traditional and over-crowded court structure. USAID will continue to fund local research on the extent and nature of land problems (mainly evictions) facing land tenants and agricultural workers. Principal contractor: Nathan Associates.

Privatization and public-private partnerships (\$500,000 DA). USAID will continue to build South African capacity to develop and execute public-private partnerships, including partnerships for the Gautrain (rapid-rail transport between Johannesburg and Pretoria) and the new Department of Trade and Industry campus. USAID's technical support in restructuring state enterprises will be used to explore ways to expand private sector involvement in service provision. USAID will continue assistance to regulators to

improve the capacity of historically disadvantaged South Africans to provide regulatory oversight that promotes growth. Principal contractors: The U.S. Department of Justice/Federal Trade Commission (FTC); Chemonics; Deloitte Touche Tohmatsu; Nathan Associates; and the U.S. Treasury.

**FY 2005 Program:**

Development of pro-growth and equitable tax and budget policy (\$2,150,000 DA). USAID plans to fund the final tranche of U.S. Treasury work on tax and budget policy reform. USAID and other donors will provide technical assistance and training to analyze, design, and implement ways to reduce the implications of poverty for those who cannot work; assist those who can work to find jobs; and develop ways of keeping those who are intermittently poor from becoming chronically poor. USAID will also provide technical assistance to improve the South African government's results monitoring and to increase fiscal transparency through greater public input into the budget process. USAID will continue work on the impact of AIDS treatment and the development of mitigation methods to deal with hospital/clinic overcrowding and welfare payment failures. Principal contractors: The U.S. Treasury and new partners (to be determined).

Regulatory reform (\$250,000 DA). With the completion of USAID's work on public-private partnerships and privatization, the focus will shift to improving the capabilities of South Africans who are regulating telecommunications, transport, the financial sector, and electricity generation. USAID will complete work with South Africa's Competition Commission on anti-trust policy. Principal contractors: The U.S. Department of Justice/FTC, the U.S. Treasury, and a new contractor (to be determined).

**Performance and Results:** USAID's efforts to build historically disadvantaged South Africans' capacity in economic analysis, policy development and implementation continue to show progress. Since inception, the program has moved from training individuals to building institutional capacity, with strong results in the government, the private sector, think-tanks, and university sectors. More USAID-trained black economists are making significant contributions to South Africa's policy debate in government and in the private sector. USAID-supported institutions such as the University of the Western Cape are now seen as key training grounds, and local non-governmental organizations assisted by USAID are providing high quality economic analyses for the South African government. The impact of USAID's work is also seen through improved government budgeting processes, and USAID assistance to Parliament in economics training is resulting in a cadre of skilled decision-makers, including key ruling party figures. In addition, a new joint Budget Committee was established, and the ruling party insisted that its members include graduates of the USAID course.

Through support for public-private partnerships, USAID has helped leverage \$308 million in FY 2003, and has helped bring the private sector into joint efforts with the government on hospitals, roads, buildings for government offices, tourism and other key investments. USAID's work to strengthen local organizations continues to show results as well; a recent example is USAID support for micro-finance regulation, which resulted in fairer lending rules, registration of lenders and, because of the nature of the regulation, a 24% expansion in credit to the poor in the last year. USAID-supported research on the impact of South Africa's proposed roll-out of anti-retroviral treatment, requested by the South African cabinet, demonstrated that the roll-out was affordable, with a high ratio of benefits to cost. Further USAID-funded analysis of drug prices for HIV/AIDS led local manufacturers to reduce prices by 50-90%.

By the end of the program in FY 2007, the number of historically disadvantaged economists will have risen significantly. They will have the ability to analyze, design and implement key programs that will help South Africa find the sustainable balance between public and private provision of social services, which accelerates economic growth.

## US Financing in Thousands of Dollars

South Africa

674-004 Economic Capacity Building	CSH	DA	DFA
<b>Through September 30, 2002</b>			
Obligations	1,375	32,863	1,378
Expenditures	1,366	26,666	1,378
Unliquidated	9	6,197	0
<b>Fiscal Year 2003</b>			
Obligations	125	4,573	0
Expenditures	9	4,473	0
<b>Through September 30, 2003</b>			
Obligations	1,500	37,436	1,378
Expenditures	1,375	31,139	1,378
Unliquidated	125	6,297	0
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	0
<b>Planned Fiscal Year 2004 NOA</b>			
Obligations	500	3,254	0
<b>Total Planned Fiscal Year 2004</b>			
Obligations	500	3,254	0
<b>Proposed Fiscal Year 2005 NOA</b>			
Obligations	0	2,400	0
Future Obligations	0	7,800	0
Est. Total Cost	2,000	50,890	1,378