

Data Sheet

USAID Mission:	South Africa
Program Title:	Employment Creation
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	674-009
Proposed FY 2004 Obligation:	\$500,000 CSH; \$7,131,000 DA
Prior Year Unobligated:	\$12,000 DA; \$120,000 DCA; \$250,000 DFA
Proposed FY 2005 Obligation:	\$7,159,000 DA
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2007

Summary: With an unemployment rate of 37% for the black population (versus 4% for the white population), the lack of employment opportunities remains the biggest threat to South Africa's emerging democracy. USAID's program to create employment for historically disadvantaged people fosters the growth and development of small, medium and micro-enterprises (SMMEs) and agribusinesses by creating linkages between previously disadvantaged firms and established businesses. The program uses technical assistance and training to help historically disadvantaged entrepreneurs exploit growing opportunities to secure domestic, regional and international trade, and supports these businesses to effectively identify new markets, build capacity, and secure financing to expand.

Inputs, Outputs, Activities:

FY 2004 Program:

SMME development (\$3,196,000 DA; \$250,000 DFA recoveries; \$250,000 CSH; \$120,000 prior year DCA). USAID will use DA and DFA recoveries to extend and expand its business linkages program to serve a wider clientele of historically disadvantaged businesses. Through technical assistance and training, USAID will help create 3,000 private sector jobs and R800 million (\$114 million) in new sales. In addition, USAID will expand the regional trade component of this program, which supports historically disadvantaged businesses seeking opportunities within sub-Saharan Africa, to cover nearly all the countries in the Southern Africa Customs Union (SACU) region. This effort directly supports the U.S. Trade Representative's efforts to sign a Free Trade Agreement (FTA) with SACU. Similarly, the business linkages program will prepare client entrepreneurs to take advantage of growing opportunities with the United States under the African Growth and Opportunities Act (AGOA). USAID will continue to implement a new program to support credit unions and cooperatives, which will increase access to finance for lower income households and businesses by approximately R1 million (\$143,000). USAID will use public-private partnerships and prior year Development Credit Authority funds to expand access to finance for small businesses. CSH funding will be used in support of PEPFAR to mitigate the impact of HIV/AIDS on SMMEs through treatment and prevention for employees of small black businesses. Principal contractors/grantees: The Corporate Council on Africa, ECIAfrica (sub-grantee), South African Cooperative and Credit League, and Megatech, Inc.

Agribusiness development (\$3,935,000 DA; \$250,000 CSH; \$12,000 prior year DA). USAID will expand its successful agribusiness program from three to six South African provinces. As a direct result, the program will serve a greater number of emerging agribusinesses, and will assist them to capture larger market shares. USAID will provide technical assistance to the South African National Department of Agriculture and the Land Bank, through the services of a USAID-supported long-term rural finance advisor, to facilitate the flow of capital to historically disadvantaged agribusinesses. In addition, USAID will fund an ongoing program to assist emerging agribusinesses to identify potential market-based land transactions that promote business growth. CSH resources will be used in support of the PEPFAR program to assist emerging agribusinesses to develop treatment and prevention programs for their employees. In FY 2004, the agribusiness portfolio will create 1,250 jobs and generate some R227 million

(\$32 million) in new sales. Principal contractors/grantees: Deloitte Touche Tohmatsu, Corporate Council on Africa, ECIAfrica (sub-grantee), and AfricaBio.

FY 2005 Program:

SMME development (\$2,826,000 DA). USAID will build on successful business linkages programs to increase market opportunities within South Africa and internationally. USAID-funded technical assistance and business advisory services will help small and medium businesses in South Africa to develop the capacity to further tap into AGOA and regional trade opportunities. As a result, opportunities to link with Africa-wide and U.S.-based regional trade initiatives will expand to benefit South African small businesses. In FY 2005, the program intends to create 3,300 new jobs and increase sales for historically disadvantaged businesses by R900 million (\$128 million). Principal contractors/grantees: Corporate Council on Africa, ECIAfrica (sub), and Megatech, Inc.

Agribusiness development (\$4,333,000 DA). USAID plans to continue the agribusiness program to build the capacity of emerging farmers to more fully take advantage of growing market opportunities. Resources will also support continued outreach to market-based agricultural land transactions in order to increase the productivity of emerging agribusinesses. USAID funding will support specific efforts to enhance access to finance for small-scale farmers. Programs that contribute to research on biotechnology and land tenure issues will be expanded. USAID estimates that the agribusiness program will support 2,500 jobs in FY 2005, and will increase sales for historically disadvantaged farmers by R453 million (\$65 million). Principal contractors/grantees: Deloitte Touche Tohmatsu, Corporate Council on Africa, ECIAfrica (sub-grantee), AfricaBio, and Megatech, Inc.

Performance and Results: In FY 2003, USAID-funded programs assisted historically disadvantaged SMMEs to generate over \$170 million in business transactions and over 2,900 jobs. Over the life of the program, over \$440 million in business transactions have been generated, exceeding the target by 10 percent, and 8,500 jobs have been created. A recent external evaluation of USAID's flagship business development program concluded that the program was "very successful" and extremely cost efficient in terms of program costs and job creation when compared to similar donor and government programs operating in South Africa. The evaluation found that every \$1 spent through USAID-funded assistance generated \$10 in additional revenue for historically disadvantaged businesses. Small businesses taking advantage of USAID's new regional and AGOA trade activities have been able to conclude \$4.4 million in sales, achieving nearly two-thirds of the program target in the first year of the two-year program. SMMEs in the program have secured financing totaling \$69 million.

During FY 2003, the USAID-funded agribusiness linkages program assisted historically disadvantaged agribusinesses to generate more than \$116 million in sales from over 23,500 business deals. Over the life of the program more than \$205 million in sales have been concluded. The primary agribusiness program met its sales target of R1.4 billion (\$200 million), and has exceeded by 38% the "number of business deals" target.

By program completion in FY 2007, South African small businesses and agribusinesses will have improved their marketing, production and management capabilities and will have become well-informed participants in markets for their goods and services. Over the next three years, businesses supported by the USAID program will complete transactions valued at over \$500 million, and will be significant sources of employment.

US Financing in Thousands of Dollars

South Africa

674-009 Employment Creation	CSH	DA	DCA	DFA
Through September 30, 2002				
Obligations	705	27,409	0	20,558
Expenditures	660	16,915	0	20,491
Unliquidated	45	10,494	0	67
Fiscal Year 2003				
Obligations	0	8,868	0	0
Expenditures	15	6,614	0	1
Through September 30, 2003				
Obligations	705	36,277	0	20,558
Expenditures	675	23,529	0	20,492
Unliquidated	30	12,748	0	66
Prior Year Unobligated Funds				
Obligations	0	12	120	250
Planned Fiscal Year 2004 NOA				
Obligations	500	7,131	0	0
Total Planned Fiscal Year 2004				
Obligations	500	7,143	120	250
Proposed Fiscal Year 2005 NOA				
Obligations	0	7,159	0	0
Future Obligations	0	19,500	0	0
Est. Total Cost	1,205	70,079	120	20,808