

UNITED STATES AMBASSADOR  
PRINCETON N. LYMAN

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"U.S. ECONOMIC ASSISTANCE TO SOUTH AFRICA"

It is a pleasure to be here today to address the annual meeting of the Institute for Multi-Party Democracy.

The Institute has established a solid reputation in the promotion of multi-party democracy, political tolerance, and national reconciliation. These are essential elements to a successful democratic transition in South Africa. The Institute thus takes its place among several non-governmental organizations in South Africa that are playing a vital role in this most important period in South Africa's history.

TAKING STOCK OF THE TRANSITION PROCESS

This meeting comes at a critical time in the transition process. It is thus timely to take stock. And it is timely to rededicate ourselves to both the process and its objective: a peaceful and democratic South Africa.

I say take stock, because the process today is both promising and yet also under threat. It is promising not only because of how much has been accomplished in negotiating the transition to democracy, but because the process itself has withstood several major shocks in the past few months. First, was the terrible assassination of Chris Hani and the emotion and turbulence that it produced. The second was a spate of killings under the rubric of "armed struggle" followed by the arrest of PAC leaders which created division within the negotiating partners and uncertainty over the implications. Third was the attack on the very headquarters of the negotiations, the World Trade Center, by right-wing extremists who sought not only to disrupt but to desecrate the process.

And yet, the process survived. If ever there was a sign that the major leadership of the country was committed to negotiating a transition in a timely fashion, it was in the recommitment that took place in the wake of each of these crises. The process was not to be derailed by such acts or developments.

And yet the process is also threatened. Not surprisingly, as the final agreement comes closer, tensions rise, particularly among those who are fearful of the outcome, or who have not realized all of their objectives in the negotiations. Such tensions are natural. But they demand even greater statesmanship from the leadership of the country during



this period to keep such tensions from boiling over into unrest or worse, the disruption of the process itself.

Lately, there has been carelessness in this regard. Leaders have engaged in verbal assaults on others which violate the spirit if not the letter of the National Peace Accord. There has been far too much loose talk of civil war or the threat of it. There have been unfair charges of exclusion and domination. All of these may seem the natural verbal byplay of both election politics and negotiating strategy. But in today's South Africa, they have different potential. They send messages that confrontation rather than negotiation are the order of the day; that indeed violence will be rationalized if not outright encouraged.

In the United States, we especially value and protect free speech. But in a famous Supreme Court case, one of our most learned Justices stated, "Free speech does not mean the right to shout 'fire' in a crowded theater." South Africa today is a politically crowded theater, and many a verbal assault sounds like fire to the patrons. This is a time for the most judicious use of words, and especially by the leadership.

But there is more than loose talk. South Africans should not contemplate civil war, even in threat, as a means for settling the differences that still remain between the parties. At this moment, on the brink of democratic dispensation for the first time in its history, at a moment when leaders and parties are most disposed to find a peaceful means to democracy, a resort to civil strife would be the worst form of folly, the most tragic destruction of the potential that this country, unique among so many, holds for its population.

Some moreover seem to believe that, if it came to that, the outside world would step in to restore peace. That is a most dangerous illusion. The international community has learned all too painfully that outside intervention in civil wars is hardly feasible or effective. Only when the internal parties want peace can the international community act to help implement it. Avoiding civil strife is thus a major responsibility for those South Africans charged with the transition and the future of this country. Outsiders cannot save the country from itself.

Finally, there is a need to avoid the temptation of straining the present process of negotiations to its limits as a means to obtain assurances or particular objectives. The United States has not attempted nor sought to interpret or recommend with regard to the specifics of the negotiations. There is one exception, however. We have said that we believed that a federal-type solution is likely the most appropriate for South Africa. Having taken that position, it is timely I think for us to say that we see in the present negotiating process the basis for achieving that objective. In the positions that have been developed by the various parties over the past several months, and with extremely helpful inputs from the work of the Consultative Business Movement, the basis for



satisfactory agreement on this issue is available. It can be achieved within the present negotiating process and procedures.

No one gets everything in a negotiation. That is the heart of the process. But with good will and commitment, the process under way in South Africa today holds out the promise of a just dispensation for every one, a protection of every one's basic rights, and a system of checks and balances that protects minorities and regions even as it sufficiently empowers the majority to set new social and economic directions for the country.

Thus it would be a costly error to jettison that process now, or even to threaten to do so. Such threats only act to send unsettling messages through the political system and unwittingly to encourage those who want to thwart the very objective itself: a democratic South Africa.

Thus it is a time to take stock and it is a time for rededication. This is a time of opportunity and hope. But it is also perhaps the most difficult, the most threatening time in the transition process. The work of this Institute, dedicated to making multi-party democracy work -- which means parties addressing differences within the give-and-take but ultimately compromise environment of a peaceful democratic system -- this work has never been more important.

### US ASSISTANCE PROGRAMS

Earlier I said that the international community cannot save a country from itself. But the international community can do a great deal to encourage processes that a country and its people determine upon for themselves. I would like to take the rest of my time here to describe in some detail what the United States has been doing in South Africa to assist in the process of democratization. Ours is a most unique program of assistance, both in South Africa and for us worldwide. It is both a record of what we have done and a sign of what could be done in the future once a democratic transition takes place.

As most of you know, the United States has been a substantial contributor to the Institute for Multi-Party Democracy since the Institute was created. We recently agreed to extend our financial assistance to provide the Institute an assured funding base through the election period and beyond. We hope that other donors, especially South African corporations and other local funding sources, will add to this base and allow the Institute to broaden its range of activities during the critical next two years.

U.S. funding for this Institute is a good example of the kind of programs the U.S. government supports in South Africa through its aid program. In other countries, our assistance program is conducted largely through the host government, here it is entirely through non-governmental organizations such as this Institute. Elsewhere, we



concentrate on economic development. Here we have devoted substantial resources to programs of social and political change in support of the dismantling of apartheid. This is partly because the program in South Africa originated under complex political conditions. We had a small program focused on human rights and education before 1986, but it was during the watershed year of 1986 that the U.S. began major assistance to the majority population of South Africa.

I am sure you remember that period. It was not only a traumatic year here--with major unrest in the townships, states of emergency, and political polarization--but it also transformed South Africa's relations with the outside world. The United States government imposed economic sanctions on South Africa, and most of South Africa's other trading partners took similar steps.

The sanctions decision was a controversial one here in South Africa, which I do not want to get into today, especially since we are on the verge of ending that period and shifting to active promotion of American economic relations with South Africa under a new democratic government. What I do want to note was that the sanctions decision was paired with a decision, specified in Congressional legislation, that the U.S. should give substantial economic assistance to South Africa's majority population. Two goals were mandated for that assistance: to support South Africans as they pressed for the end of apartheid and to help prepare the black population for a leadership role in a democratic, post-apartheid South Africa.

Thus the U.S. aid program in South Africa was unique from the beginning. The U.S. aid program grew steadily from 1986. The program was doubled the first year, from \$7 million to \$14 million. Two years later it jumped to \$25 million. Two years later it doubled again to \$50 million. One year later, in 1992, President Bush increased the program to \$80 million, at the same time that he certified that the conditions for lifting federal sanctions had been met. That is the level this year as well.

Eighty million dollars is a substantial commitment of U.S. resources, especially at a time when foreign aid is under sharp scrutiny in the United States, when we are struggling to reduce government spending to cope with our deficit, and when we are mounting major new assistance efforts in Eastern Europe and the former Soviet Union. The U.S. aid program in South Africa is our largest program in sub-Saharan Africa (not counting emergency food aid). And our resident staff of 85 American and South Africans who manage the program is the largest USAID staff in sub-Saharan Africa.

As I noted earlier, most of our assistance is delivered through a large number of grants to South African NGOs. Last year we gave several hundred such grants, ranging in size from \$10,000 to \$5 million. Close consultation with the majority community and NGO serving that community have guided the direction of the program. From 1986 to now, the program has focused primarily on education, community development, human rights,



private sector development, and since 1992 housing. Let me say something about each of these areas, and give you a few examples.

## EDUCATION

We have put a major emphasis on education. Our biggest financial commitment has been in bursaries for tertiary education. We are funding roughly 300 new students each year for Bachelors degree programs in various South African universities and we send more than 100 students a year to the U.S. for Bachelors degrees, Masters degrees, and PhDs. Since 1986 we have devoted \$125 million to tertiary bursaries. The aim of this effort is to help educate a new generation of black South Africans who can be leaders in the public and private sectors.

One of the benefits of the U.S.-based training is that many graduates seem to come home with a strong sense of personal empowerment and broader vision of their own future. We are proud that many of the graduates of this program are making a great difference in South Africa today. Notable South Africans who have benefitted from U.S. scholarships include Mr. Wiseman Nkuhlu, Chief Executive, IDT and Chairman, DBSA; Mr. Molefe Mokgatle, Senior Advertising Manager of the Sowetan; Ms. Hlengiwe Mkhize, Senior Lecturer in Psychology, Wits; and Ms. Prifca Tshidi Nyama, Manager - New Products & Services, Wesbank.

A second major element of our education programs is basic education. Since 1986 we have directed \$38 million to this field, mostly to help NGOs develop new and creative models of delivering basic schooling to the majority population. Examples are:

- The Read Educational Trust which trains teachers in reading instruction. Students in this program show significant improvements in reading skills, attitudes toward learning, and determination to go further in school.
- Open Learning Systems Education Trust shares U.S. experience in use of interactive radio for the first two years of primary school. The program dramatically increases school attendance, listening skills, and enthusiasm in learning English. Parents report that 6 and 7 year olds in this program are speaking English at home.
- The Education Support Services Trust distributes English language learning materials to primary school children, including at over 180 farm schools. The workbooks and storybooks provided are often the only books the children have ever owned.
- Project Literacy is an adult literacy program that can allow full-time attendees to become fully literate in their mother tongue in ten weeks.



- The Education Foundation has received American assistance in developing a computer model that allows assessment of the costs of alternative education policies. This model has affected the education debate by giving different players a common understanding of the budget implications of their proposals.

## COMMUNITY DEVELOPMENT

In community development we have focused on supporting grassroots and community-based organizations to improve services and strengthen civil society. Since 1986 we have devoted \$51 million to this effort. Examples are:

- USAID has supported Operation Hunger's small self-help development projects in the homelands and other rural areas, such as vegetable gardens established by groups of women. Some of these projects have been so successful that the women left low-wage jobs on white-owned farms and went into business for themselves.
- The Rural Advice Center has helped small rural towns in many parts of South Africa develop and improve their water supplies.
- The Tembalethu Community Education Center in Pietermaritzburg transformed an old school building ready for condemnation into a community education center serving 30,000 people. In the process of restoring the buildings, the Center trained 2000 people in building techniques.
- The Law Reform Program is developing a policy framework and specific legislative proposals to reform the most critical areas of the South African legal system.

## HUMAN RIGHTS

In human rights we have allocated \$22 million over the last seven years to fund legal representation for disadvantaged people, rural advice centers, and legal defense for people charged with political crimes. Examples are:

- In 1990 USAID paid \$10,000 for legal help for the Mayopa Community, a community of 30,000 people southwest of Johannesburg, to challenge a proposed eviction by the government. They won their case.
- In 1989 USAID provided legal assistance to twenty leaders from the UDF and AZAPO accused of conspiring to overthrow the government in the famous Delmas Treason Trial. Although the defendants were initially convicted and imprisoned, USAID funded an appeal which was successful. Many of the accused are currently playing an important and constructive role in South Africa's political life.



## PRIVATE SECTOR DEVELOPMENT

In the private sector area we have devoted \$26 million to programs to support black small enterprise credit; to help medium-size black business expand their links with large white businesses; and to support the participation of black business organizations in the forum process as they bargain on issues of business policy and regulation. Examples are:

- Since 1986 USAID has provided support through the Get Ahead Foundation to a company in Mamelodi that teaches sewing and dressmaking. The company has been so successful that it is now talking about franchising other sewing operations around the country.

- Get Ahead also provided various forms of assistance to a small fiberglass operator in Alexandra, which he used to expand from a one-man operation under a tree to a 20-person, profitable business in three years.

Because of the importance of economic progress to the transition, we have increased our support for programs to promote black business development. This year we will spend \$11 million on these programs. One of our priorities is sharing U.S. ideas and experience with expanding access to credit, franchising, and other methods of business empowerment that are relevant to South Africa.

## HOUSING

In housing we have targeted \$30 million to developing and demonstrating a model for delivering housing to the majority population that is financially sustainable (based on local capital) and community-based. Housing needs are enormous. It is estimated that 1.3 million black families lack even minimally acceptable housing and that number grows by 200,000 each year. Squatter camps are almost totally lacking in facilities. We are not trying to make a major dent in housing supply by ourselves, because that is beyond our capacity. Rather, we are trying to show how private capital can be tapped and how communities can be involved in large-scale housing supply. This points the way to the solution to the housing problem in the years to come. Examples are:

- A \$5 million grant from USAID is leveraging \$26 million in South African capital to provide construction loans for 20,000 serviced homesites.

- USAID is providing leadership training to squatter camp residents who want to organize and improve their communities. After one such course, residents negotiated with ESKOM to obtain electricity services for their shack community for the first time.

Finally, we have specialized programs in support of labor unions, AIDS awareness, and self-help. Expenditures for these programs have totaled \$20 million since 1986.



## NEW EMPHASES FOR THE TRANSITION

In the last year, as the transition process has moved into high gear and the prospects for an interim government become more tangible, we have put more emphasis in our aid program on areas relevant to the transition. This includes preparation for elections, violence mitigation, public administration, black business development, and economic policy.

Of special interest to this group is support for elections. Because of the vital importance of the electoral process, we have given top priority to helping preparations for elections such as voter education and elections training. This fiscal year (which ends in September) we are spending \$8 million in this field. Next year we expect to spend a similar amount during the expected intensive run-up to the election. Examples are:

- This year USAID gave a \$1.2 million grant to the U.S.-based National Democratic Institute and a local human rights group to run voter education courses around the country.
- This year USAID is funding a consortium of U.S. institutions to provide non-partisan party-strengthening support to extra-parliamentary political parties which have never before participated in a national election. Another grant will assist in the training of election monitors.
- USAID has sponsored a number of South Africa delegations to observe elections in other countries, including the U.S., Angola, Cambodia, and the Republic of Georgia.

A critical part of the environment for elections is reducing the level of violence. I spoke earlier of the importance of this matter. South Africa already has created a unique institution, the National Peace Accord and its associated instruments, the Peace Secretariat and the Goldstone Commission. We believe these institutions must be strongly supported from every quarter. As examples of US support:

- USAID has funded five new human rights centers or institutes around the country focused on research, education, and outreach geared to supporting the transition.
- In the Mpulanga area of Natal USAID funded a unique effort to bring together local representatives of the ANC and the IFP, which has succeeded beyond expectations. People are now coming from other parts of the country to learn how this local success was achieved.
- To help resolve conflicts between hostel dwellers and members of civics, USAID funded legal representation of both groups before the Goldstone Commission, so the Commission could hear both sides of the story.



- With USAID funding the Independent Mediation Service of South Africa (IMSSA), working with the National Peace Accord, established a number of local and regional peace committees in Natal and the Transvaal and arranged a major peace conference in the volatile Border region.

Another major problem for the transition is preparing representatives from the majority population for future roles in the civil service, economic policy making, and local government. To address this, we have begun to make significant investments in public administration, economics, and local government training.

Examples are:

- In public administration we are working with South African universities to provide short-term training to prepare black South Africans for roles in government, as well as longer-term degree training. Because of the large number of new people needed, in policy-making positions and lower levels, long-term or degree-oriented training cannot meet the demand. For that reason we are emphasizing short-term training, ranging from executive programs for senior managers to specialized courses.
- In local government we are investing \$1.25 million to support training of future local officials.

In economic policy we are supporting a wide range of NGOs as they develop options for economic policy, as well as workshops and training courses to share international experiences.

## LESSONS

What lessons can we draw from our aid program in South Africa? First, in my opinion, the South Africa aid program is one of the most unique and effective programs that USAID operates anywhere in the world. The main reason it is so effective is the impressive capabilities and grassroots contacts of the NGOs that we work with, who are active in every aspect of development in South Africa, economic, social, and political. This allows activities to be cost-effective and responsive to local needs, which are two of the biggest problems in traditional foreign aid that goes through government ministries.

Second, this same diverse and capable NGO structure will offer unique capabilities to a future democratic government. That government is likely to find its resources and ability to innovate limited, particularly compared to the high expectations likely in the majority community. I believe a future government will find the NGO sector to be a critically important resource whose community-based delivery capabilities will allow social needs to be addressed that could not be met in any other way.



Third, South Africa's network of vibrant, independent-minded, and capable NGOs also adds a unique strength to this country's civil society that bodes well for the future of democracy. One of the biggest problems in democratization in Africa and around the world is that elections are not supported by an "infrastructure" of democracy--a strong civil society, a culture of debate and consensus building, and a tradition of grassroots organization and power up from the people. As a result, democracy is often weak and unsustainable. South Africa has such an infrastructure, in part because of its strong NGO network. As a result, I believe one can be much more confident about the sustainability of democracy in South Africa than in many other countries.

### CONCLUSION

In conclusion, I believe that the scope and breadth of our assistance program in South Africa show that Americans care deeply about the future of this country and its people. We are not standing by commiserating about South Africa's problems. We have not employed only negative pressures. Rather, we have become engaged in helping build the skills and processes that will make the transition in South Africa all the more successful.

Once an election takes place, and a democratically elected government takes office, we will be able to do more. Together with the international financial institutions like the World Bank and the African Development Bank, we will be able to help buttress democracy with solid economic progress so that the people see the fruits of democracy in their daily lives.

All of this is possible. But the next twelve months will be critical to achieving that potential. In that regard, the work of this Institute could not be more important than at this time. You are engaged in the very processes that this period needs. We wish you success. And we promise to be with you and with all South Africans through this period and as the long-sought goal of democracy becomes a reality.