



United States Agency for International Development

Contract Information Management System (CIMS)

DIRECT ACTION DATA FORM FOR GRANTS & COOPERATIVE AGREEMENTS

1. Basic Award Number 674-0309-G-SS-2038-00																
2. Recipient Name Desmond Tutu Educational Trust																
3. Award Description (This description will be seen by high level Agency officials, as well as members of Congress.) The purpose of this project is to create tertiary education opportunities for the disadvantaged students. <div style="text-align: right; margin-top: 10px;"> CONFIDENTIAL SEP 16 1993 Section </div>																
4. Principal Place of Performance South Africa	5. Benefiting Country South Africa															
6. Project Officer <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:35%;">Office Symbol STEP</td> <td style="width:65%;">Name (Last, First) Ngatane, D.</td> </tr> </table>		Office Symbol STEP	Name (Last, First) Ngatane, D.													
Office Symbol STEP	Name (Last, First) Ngatane, D.															
7. Grant Agreement Type <input type="checkbox"/> A. Disaster Assistance <input type="checkbox"/> B. American Schools & Hospitals Abroad (ASHA) <input checked="" type="checkbox"/> C. Other Than Those Listed Above <input type="checkbox"/> D. Title XII Authority	8. Basic Purpose <input type="checkbox"/> A. Tech. Services to Host Country <input type="checkbox"/> D. Research <input type="checkbox"/> B. Commodities <input type="checkbox"/> E. Arch. & Engineering Services <input checked="" type="checkbox"/> C. Train. Services to Host Country <input type="checkbox"/> F. Construction															
7a. Extent Competed <input type="checkbox"/> E. Competed by the Technical Office <input type="checkbox"/> F. Competed by the Contracting Office <input checked="" type="checkbox"/> G. Not competed (unsolicited proposal) <input type="checkbox"/> H. Not competed (predominant capability, etc.)	9. Taxpayer Identification Number															
10. Business Organization Type <table style="width:100%;"> <tr> <td><input type="checkbox"/> A. Corporation</td> <td><input type="checkbox"/> F. International Center</td> <td><input type="checkbox"/> J. Hospital</td> </tr> <tr> <td><input type="checkbox"/> B. Individual</td> <td><input type="checkbox"/> G. Research Organization (other than International Center)</td> <td><input type="checkbox"/> N. Hispanic American College or University</td> </tr> <tr> <td><input type="checkbox"/> C. University or College</td> <td><input checked="" type="checkbox"/> H. Voluntary Organization</td> <td><input type="checkbox"/> Z. Other</td> </tr> <tr> <td><input type="checkbox"/> D. Historically Black College or University</td> <td><input type="checkbox"/> I. Foundation</td> <td></td> </tr> <tr> <td><input type="checkbox"/> E. Educational Organization (other than University or College)</td> <td></td> <td></td> </tr> </table>		<input type="checkbox"/> A. Corporation	<input type="checkbox"/> F. International Center	<input type="checkbox"/> J. Hospital	<input type="checkbox"/> B. Individual	<input type="checkbox"/> G. Research Organization (other than International Center)	<input type="checkbox"/> N. Hispanic American College or University	<input type="checkbox"/> C. University or College	<input checked="" type="checkbox"/> H. Voluntary Organization	<input type="checkbox"/> Z. Other	<input type="checkbox"/> D. Historically Black College or University	<input type="checkbox"/> I. Foundation		<input type="checkbox"/> E. Educational Organization (other than University or College)		
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11. If U.S. University, Host Country Institution																
12. If obligated amount is in local currency, provide U.S. Dollar amount \$3,000,000																
13.a. Negotiator (Last, First, MI) Ngatane, D.	13.b. Signature 															
14.a. Contract Officer (Last, First, MI) Dean, Leslie A.	14.b. Signature 															

COPY OF AWARD DOCUMENT MUST BE ATTACHED TO THIS FORM

ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SOUTH AFRICA

DATE: September 11, 1992

FROM: William Duncan, ^{WED} Chief, Project and Human Resources
Development Office

SUBJECT: South Africa Support to Tertiary Education Project
(674-0309): Desmond Tutu Educational Trust; Agreement
No. 674-0309-G-SS-2038-00

I. PROBLEM

Your approval is required to obligate U.S. \$3,000,000 of FY92 funds through a Grant Agreement under the Support to Tertiary Education Project (674-0309) to support the Desmond Tutu Educational Trust, as described herein.

II. AUTHORITY:

Pursuant to Redelegation of Authority No. 452, the Director, USAID/SA, has authority to execute grants with indigenous nongovernmental organizations (NGOs) in an amount not to exceed \$5 million.

III. BACKGROUND

This Agreement is financed under the Support to Tertiary Education Project (STEP). STEP is an umbrella project whose goal is to ensure that black South Africans are full contributors to and participants in the political, social, economic, and intellectual life of their nation. The project purpose is to prepare and empower black South Africans at selected institutions for positions of leadership and to promote peaceful change and the transition to a nonracial democracy in South Africa. STEP activities consist of grant agreements and contracts with various U.S. and South African organizations identified through a process of broad consultation.

Consistent with the overall purpose of the project, the Desmond Tutu Educational Trust (DTET) was established as a mechanism through which the Mission could achieve the above mentioned goals of the project.

The purpose of the original Agreement with the DTET was to enable the Trust to redress the educational imbalance caused by apartheid. Black students experienced a variety of problems at tertiary education institutions in large part due to the inferior "Bantu" education system which did not prepare blacks adequately for success at the university level. The utilization of the Trust was considered to be the most effective and strategic

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mechanism for channeling funds directly to black students. The Trust operated two separate funds, namely, the Student Assistance Fund and the Academic Institution Assistance Fund. Funding under the original Agreement was applied only to the Student Assistance Fund. The objectives of the Student Assistance Fund as outlined by the Trust were the provision of student bursaries, student loans, academic support programs, pre- and post-admission assistance, and other necessary support and facilities. USAID support, however, focussed on the following activities: student assistantships; student aids such as text books; tutoring programs for students within particular faculties and departments; and work-study opportunities for students on and off campus. Support was provided for undergraduate as well as graduate students.

Prior to the establishment of the DTET, the University of the Western Cape presented USAID with a proposal for a student assistance program comprising: 1) work-study programs for graduate students; 2) tutorial programs for undergraduate students; and 3) study resources in the form of text books. This program was the most innovative student assistantship undertaken by a tertiary institution and was subsequently approved for funding through the Trust by the Mission during the STEP Action Plan review of 1990. Apart from having presented USAID with a proposal which was eligible for funding under the Trust, UWC was arguably the only university at the time which took the concept of institutional change for a nonracial, democratic South Africa seriously. This was evidenced by its disregard for State-imposed entrance restrictions both in terms of numbers and in the qualifications of entering students. The aforementioned factors made UWC the most qualified institution to receive support under the Grant with DTET. Therefore, the original DTET Grant provided support for educationally and economically disadvantaged students in collaboration with UWC.

The USAID/DTET Agreement stipulated that the Trust should provide financial support to all tertiary institutions, depending on availability of funds and proposals from institutions engaged in the process of transformation. Another criterion for selecting qualified cooperating institutions was that the institution should have the necessary administrative, technical and financial management capability to successfully implement the program, including the availability of a qualified program coordinator who would serve as the contact person with the Trust and USAID. The Agreement also stipulated that the Trust should solicit funding from other donors to broaden its funding base and be able to respond to proposals from other institutions. However, even though the Trust made efforts to solicit funding from elsewhere, it was not able to acquire funding from other sources. Although several institutions such as the University of Durban-Westville and the University of Fort Hare gave indications of restructuring efforts, none of them presented the Trust with proposals for

funding within the USAID/DTET Grant Agreement period. As a result, no other university received support from the Trust. The period of the Grant Agreement was January 1990, to December, 1991. DTET requested and was granted an extension of the Grant up to December, 1992.

IV. DISCUSSION

The initial Agreement required the Trust to conduct an external evaluation of programs funded by the Trust, and an evaluation of the structure and operation of the Trust, to assess its effectiveness as a funding conduit for USAID. This second evaluation was conducted by the Mission. The programmatic evaluation was conducted in October, 1991, and the structural/operational evaluation was conducted in May, 1992.

In general, the programmatic evaluation was positive. Although there were problems identified with the documentation of some undergraduate tutorial programs in some departments, the Trust, in collaboration with UWC, had provided a successful student assistance program for both graduate and undergraduate students. The evaluation particularly commended the work-study program and suggested that the program should be extended to other tertiary institutions. Although the textbooks loan program experienced difficulties because of delays in delivery of books in some instances, it was also found to have enabled many indigent students to cope with the demands of tertiary education and increased their opportunity to succeed.

The structural and operational evaluation found that the Trust had developed into a useful and effective entity for addressing tertiary education problems and also as a funding mechanism. At the same time, the evaluation recommended that the Trust should broaden its: 1) representation of tertiary education institutions on the Board of Trustees; 2) funding base to avoid dependency on A.I.D.; and 3) program of assistance to ensure support for all qualifying tertiary institutions in the Western Cape region.

Early in 1992, the Trust requested USAID to continue its funding for another three years after the termination of the initial Grant. In response, USAID met with the Trust in May, 1992, and in July, 1992, to discuss the evaluation findings and to negotiate another Grant. The Trust responded positively to the evaluation findings and committed itself to addressing the above issues so as to improve its assistance programs and better facilitate working relationships with funding agencies and tertiary institutions.

The subject Agreement, to be funded out of STEP, is a result of the above-mentioned negotiations and is in response to the Trust's proposal and USAID's interest in providing educational opportunities to legally disadvantaged South Africans.

V. KEY IMPLEMENTATION ISSUES

In negotiating this Grant, the following key implementation issues were discussed and agreed upon with the Trust:

1. The Trust will make its goals and objectives known to all tertiary institutions in the region which are candidates for participation in the activities of the Trust.
2. The Trust will make a concerted effort to solicit funds from other donors. However, USAID funds and accounting of USAID funds should not be commingled with other donor funds.
3. Within thirty days of signing the subject Agreement, the Trust will submit in writing to A.I.D., its criteria for selecting individual discrete activities to be funded by DTET. Before any subvention is made, USAID must concur with the criteria.
4. The Trust will fund tertiary education activities which are in line with the objectives of the Support to Tertiary Education Project (STEP) strategy of increasing access to quality tertiary education by disadvantaged South Africans, and which emphasize black leadership and human resource development for a post-apartheid South Africa.
5. The Trust agrees to cooperate and communicate with other A.I.D.-funded regional tertiary educational trusts to promote information exchange and discussion on topics of mutual concern.

VI. OTHER ISSUES

Through the development of this Agreement, the following issues have been identified and addressed as presented below:

A. Action Plan and Sectoral Strategy

This proposed Agreement was discussed during the FY92 STEP Action Plan review and given a "B" approval status in the Action Memorandum to the Director signed in April, 1992. This activity is consistent with both the STEP Project Paper and the Education Sector Strategy emphasis on black leadership and human resource development for a post-apartheid South Africa.

B. Total Obligations

This Agreement obligates U.S. \$3,000,000 to the Desmond Tutu Educational Trust which brings total FY92 obligations under STEP to \$24,925,748 and total STEP obligations to date (FY90 to present) to \$43,710,676 out of a total authorized level of \$110,000,000. Additional funds, up to the total amount

of U.S. \$6,000,000 of the Agreement, may be obligated by A.I.D. subject to availability of funds and a positive mid-term evaluation. As grant execution authority of the Director, USAID/SA, is limited to \$5 million, an ad-hoc Redlegation of Authority must be obtained from A.I.D. in Washington for the USAID/South Africa Director to obligate the full estimated U.S. \$6,000,000 Grant with the DTET. The Agreement ending date of September 30, 1995, is well within the STEP PACD of June 30, 2000.

C. Grantee's Illustrative Budget and Cost Negotiation

PHRDO reviewed Desmond Tutu Trust's budget proposal carefully to establish its priorities for funding. It is PHRDO's judgement that most of the Agreement funding will pay for program development activities which are the main thrust of this Agreement. Travel costs and fees for program consultants are controlled by the acknowledgement of the Desmond Tutu Educational Trust that allowable rates under its policies will not exceed official USG rates.

D. Noncompetitive Justification

Although competition is to be encouraged in the award of grants and cooperative agreements to NGOs (Handbook 13, Chapter 2B), Chapter 2B3e provides that competition is not required for follow-on assistance awards intended to continue or further develop an existing assistance relationship. The proposed Grant would constitute such a follow-on assistance award.

E. Technical and Management Capability

It is PHRDO's determination that the subject organization possesses suitable policies and practices to ensure adequate management of USAID funds supplied under this Agreement. This determination is based on the Desmond Tutu Educational Trust's successful implementation of a similar program funded by the Mission.

F. Financial Management Capability

A financial review was conducted in 1990 when the DTET first received USAID funding under a previous Grant Agreement. The review certified that the Recipient possessed adequate accounting systems, books and records for the administration of A.I.D. funding. However, in view of the proposed restructuring of the DTET management, another financial review will be conducted by the USAID Controller as a condition precedent to disbursement of funds under this Agreement.

G. PVO Registration Determination

The Recipient does not qualify as a Private Voluntary Organization, as defined in A.I.D. Handbook 3, Appendix 4C and 88 State 356010 because it neither solicits nor receives contributions from the general public.

H. Standard Issues

1. Section 611(a) requirements - Consistent with Section 611(a) of the FAA, adequate technical and financial planning underlie the proposed Agreement and reasonably firm cost estimates have been established. Such planning is evidenced by the Agreement program itself, as described in Attachment 2 of the proposed Agreement, which contains a detailed methodology for implementing Agreement activities and attaining specified Agreement outputs. The Illustrative Financial Plan is based on reasonably firm cost estimates for program activities.

2. Payment Verification Requirements

Payment verification requirements for the Recipient are satisfied by: (a) specification of financial management and reporting procedures in the attached Agreement; (b) planned certification by the USAID Controller of the recipient organization's ability to handle initial Agreement disbursements; and (c) provision in the proposed Agreement for annual audits of use of Agreement funds.

3. Recurrent Costs - Donor financing of recurrent costs, such as salaries, allows the Recipient to provide an essential service that is unmet by the public sector and, due to the limited income of the beneficiaries, cannot be met through normal market channels. Recurrent cost assistance in such cases is justified under category 2 of USAID's Recurrent Cost Policy. The "design considerations" outlined in this policy document have been taken into consideration in the design and negotiation of this Agreement.

4. Selection of Grant as Assistance Instrument - It is the determination of PHRDO that, in accordance with Handbook 13, Chapter 6, a grant is the appropriate assistance mode to be utilized, as A.I.D. is not procuring goods or services and does not require a substantial degree of operational control or involvement in project implementation. The attached document is, in form and substance, a grant as defined by A.I.D.

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5. Travel Policies - The Recipient will provide for USAID approval its travel and per diem policy for travel not to exceed U.S. Government rates. In the case that the Recipient does not establish a travel and per diem policy, the prevailing U.S. Government rates shall apply.

V. RECOMMENDATION

It is recommended that, pursuant to your authority under Redlegation of Authority No. 452, you: (1) approve noncompetitive selection in accordance with the justification provided above; (2) authorize the proposed Agreement to the Desmond Tutu Educational Trust by signing below; and (3) execute said Agreement, as attached, by signing on the appropriate page and line as indicated.

Approved: Leslie A. Dean
Leslie A. Dean
Director, USAID/SA

Date: 9/25/92

Disapproved: _____

drafted: DNgatane, PDO (draft)
cleared: DEvans, HRDO (draft) APD
DKeene, RLA (draft)
JAddleton, PROG (draft)
WLivengood, CONT _____
JWeber, AD (draft)
WFord, DD _____

the prevailing U.S. Government rates shall apply.

V. RECOMMENDATION

It is recommended that, pursuant to your authority under Redlegation of Authority No. 452, you: (1) approve noncompetitive selection in accordance with the justification provided above; (2) authorize the proposed Agreement to Desmond Tutu Trust by signing below; and (3) execute said Agreement, as attached, by signing on the appropriate page and line as indicated.

Approved: _____

Leslie A. Dean
Director, USAID/SA

Date: _____

Disapproved: _____

drafted: DNgatane, PDO D.N.
cleared: DEvans, HRDO DE
DKeene, RLA KK
JAddleton, PROG JA
WLivengood, CONT WLV WLV cc
JWeber, AD JW
WFord, DD WF

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/SOUTH AFRICA



P.O. Box 1882
Pretoria 0001

Tel: (012) 211-245
Fax: (012) 323-6443

September 25, 1992

Professor Jacquez Charl De Villiers, Chairperson
Desmond Tutu Educational Trust
1 Fourie Street
Bellville South
7535

Subject: Support to Tertiary Education Project
(674-0309); Desmond Tutu Educational Trust
(DTET); Agreement No: 674-0309-G-SS-2038-00

Dear Prof. De Villiers:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Comprehensive Anti-Apartheid Act of 1986, as amended, the Agency for International Development (hereinafter "USAID") hereby enters into this Agreement with the Desmond Tutu Educational Trust (hereinafter the "Recipient") and obligates the sum of \$3,000,000 to provide support for a program described in Attachment 1, entitled "Schedule," and Attachment 2, entitled "Program Description," of this Agreement.

This Agreement is effective and obligation is made as of the date this letter is signed by an authorized USAID representative. The Agreement and obligation shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning on the effective date of this letter and ending September 30, 1995.

This Agreement is entered into with the Recipient on condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, "Schedule," Attachment 2, "Program Description," Attachment 3, "Standard Provisions," Attachment 4, "Disbursement of and Accounting for Agreement Funds," Attachment 5, "A.I.D. Geographic Code 935 List," and Attachment 6, "Guidelines for Financial Audits Contracted for by Foreign Recipients." This letter and the six attachments just described, which have been agreed to by your organization, constitute the Agreement.

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Please sign the original and one (1) copy of this letter and then return the original to USAID/Pretoria.

Sincerely,



Leslie A. Dean
Director

ACKNOWLEDGED AND ACCEPTED
Desmond Tutu Educational Trust

By: _____
Title: Professor Jacquez Charl De Villiers
DTET Board Chairperson

Date: _____

By: _____
Title: _____

Date: _____

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions and Optional Provisions as applicable
4. Disbursement of and Accounting for Agreement Funds
5. A.I.D. Geographic Code 935 List
6. Guidelines for Financial Audits Contracted for by Foreign Recipients

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FISCAL DATA:

Grantee Name: Desmond Tutu Educational Trust

Agreement No: 674-0309-G-SS-2038-00

Appropriation: 72-112/31014

BPC: GSS2-92-21674-KG13

Reservation Control No.: B920182

Amount: \$3,000,000

Drafted: DNgatane, PDO (draft) _____
Cleared: DEvans, PDO (draft) _____
WDuncan, PHRDO (draft) _____
WLivengood, CONT *Ado wit* _____
JAddleton, PROG (draft) _____
DKeene, RLA (draft) _____
JWeber, AD (draft) _____
WFord, DD _____ *WJ*

Funds Available:

CKJ _____ *WJ*
Lorraine Kew, ACCT

09/24/92
Date

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ATTACHMENT 1

SCHEDULE

I. OVERVIEW OF AGREEMENT

The purpose of this Agreement is to provide financial assistance to the Academic Institution Assistance Fund and the Student Assistance Fund of the Desmond Tutu Educational Trust to support its tertiary education development activities. Support under this Grant is targeted at academic development activities undertaken at qualifying tertiary education institutions in the Western Cape region. Funding under this Agreement will target activities which focus on improving access to quality tertiary education by black students and improving the quality of tertiary institutions. Specifically, funds provided under this Agreement will cover the costs for program development activities including: 1) soliciting proposals from tertiary institutions; reviewing and selecting programs to be funded; 2) monitoring of activities funded; 3) program evaluation; and 4) administration.

II. PERIOD OF AGREEMENT

The effective date of this Agreement is the date the cover letter is signed by an authorized USAID representative. Unless otherwise agreed to by USAID in writing, the expiration date is September 30, 1995, meaning that no USAID funds under this Agreement shall be applicable to goods not furnished or services not performed for the program by this date.

III. AGREEMENT FUNDING AND PAYMENT

A. The total estimated amount of USAID funds to be provided under this Agreement for the period shown in Section II. above is U.S. \$6,000,000.

B. A.I.D. hereby obligates the amount of U.S. \$3,000,000 for eligible program expenditures during the estimated period of October 1, 1992, through September 30, 1993.

C. Additional funds up to the total amount of the Agreement as shown in Section III.A., above, may be obligated by A.I.D. subject to the availability of funds, agreement of the Parties to proceed with the Grant program and to the requirements of the Mandatory Standard Provision 4 of the Agreement, entitled "Revision of Grant Budget."

D. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3 - Standard Provision 1 entitled "Payment - Periodic Advance" and as provided for in Attachment 4, "Procedures for Disbursement of Agreement Funds."

IV. FINANCIAL PLAN

A. Illustrative Financial Plan

The Illustrative Financial Plan for this Agreement is set forth in Table I below. Revisions of this Plan shall be made in accordance with Mandatory Standard Provision 4 of this Agreement, located in Attachment 3 and entitled "Revision of Agreement Budget." The Recipient is authorized a 15% deviation between line items, provided that USAID is notified in writing of such budget changes in the Recipient's following Disbursement Report. However, any deviation in excess of 15%, or any increase in the total Grant, must be approved in advance in writing by the Director, USAID/South Africa.

Table I

Illustrative Financial Plan

<u>Item</u>	<u>S.A.R</u>
<u>Standard cost categories:</u>	
Program Development	6,595,000
Administration @ 15% of total budget	1,170,000
Evaluation	30,000
Audit	<u>5,000</u>
TOTAL	7,800,000

B. Level of Assistance

The total amount in the Illustrative Financial Plan (Table I) above is the maximum available under this Agreement. The conversion rate from U.S. Dollars will be the prevailing rate at the time of conversion as determined by the Controller, USAID/South Africa. To determine the U.S. Dollar amount of the Agreement, an exchange rate of R2.60 to one (1) U.S. Dollar will be used. Notwithstanding the above, in no event will the total amount provided to the Recipient under the Agreement exceed the obligated Dollar amount provided for in Section III above.

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Due to exchange rate fluctuations, the total amount of Rands available after converting the total obligated Dollar amount into Rands may exceed the budget. If the Recipient desires to use such excess Rands to finance additional eligible program expenses, it may submit to USAID a written proposal for use of such funds. If USAID is in agreement with the Recipient's proposal, the Agreement may be modified to provide for the authorized expenditures. USAID reserves the right to deobligate any Dollars in excess of those needed to fund the Rand Budget. However, should changes in the exchange rate result in fewer South African Rands being available than budgeted for, the Recipient will be responsible for financing the shortfalls since the U.S. Dollar amount prevails.

V. REPORTING

The Recipient will submit semi-annual written progress reports on activities funded and general performance under the Agreement. The semi-annual reports should include a brief description of program accomplishments during the preceding six months and a discussion of any problems encountered and how they were resolved. The Recipient will also submit a written final report on all activities financed by the Agreement. The content and format of the final report will be agreed upon by USAID and the Recipient at a later date.

VI. OVERHEAD RATE

Not Applicable.

VII. TITLE OF PROPERTY

Title to all property purchased under this Agreement shall vest in the Recipient in accordance with the terms of Attachment 3, Additional Standard Provision 18, entitled "Title to and Use of Property."

VIII. AUTHORIZED GEOGRAPHIC CODE

The authorized geographic code for all procurement with A.I.D. funds under the Agreement is the United States, the Republic of South Africa and countries included in A.I.D. Geographic Code 935, meaning that all goods and services financed by this Agreement shall have, with respect to goods, their source and origin and, with respect to the suppliers of services, their nationality in the United States, the Republic of South Africa or in other countries included in A.I.D. Geographic Code 935. Please refer to Attachment 5 for a list of countries included in Code 935.

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IX. LOCAL COST FINANCING

It is hereby specified that the amount of U.S. Dollars authorized to be used for local cost financing is the entire amount obligated under this Agreement.

X. SPECIAL PROVISIONS

A. Program Special Provisions

1. Within thirty days of signing this Agreement the Trust will provide the names and designations of the expanded Board of Trustees.
2. Members of the Board of Trustees of the Trust will be representatives of the community at large and will include educators and community leaders from the Western Cape who are concerned and knowledgeable about tertiary education. No one tertiary institution shall be represented by more than one Board member.
3. The staff of the Trust shall include a senior level, non-partisan administrator/coordinator who will be able to negotiate, draft, administer and monitor sub-grants with cooperating institutions and to interact with USAID. Office and secretarial assistance shall be provided to the administrator/coordinator from grant funds.
4. The Trust shall enter into sub-agreements with cooperating institutions in the Western Cape region. Cooperating tertiary institutions will be limited to those in the region which can provide evidence that the process of restructuring has begun and will continue at their particular institutions for a future nonracial educational system. Restructuring will be evidenced by features such as the elimination of quotas, sponsoring of research which addresses the development needs of South Africa, involvement in community work, and participation by black South Africans in leadership capacities.
5. The Trust agrees to fund tertiary education activities which are in line with the objectives of the Support to Tertiary Education Project (STEP) strategy of increasing access to quality tertiary education by disadvantaged South Africans, and which emphasize black leadership and human resource development for a post-apartheid South Africa. Activities to be funded under this Agreement are further explained in Section V. of Attachment 2, entitled "Program Description."
6. The Trust agrees to communicate and cooperate with other USAID-funded regional tertiary education trusts to promote information exchange and discussion on topics of mutual concern.

7. Prior to any disbursement of funds under this Agreement, a financial review will be conducted by the USAID Controller which must determine that the DTET possesses adequate financial management capability for the administration of funds provided under this Agreement.

B. Procurement

1. Scope: This provision is applicable to the extent that local cost financing is otherwise authorized by the Agreement. It does not require procurement in South Africa where off-shore procurement could otherwise occur.

2. Policy: In the procurement of goods and services in South Africa, the Recipient shall, to the maximum extent practicable, award contracts to individuals who or organizations which are disadvantaged by apartheid and are responsive and appropriate providers of goods and services.

3. Definitions: Individuals and organizations disadvantaged by apartheid shall mean: (1) South African individuals of black, "colored" or Asian descent whose principal place of business is in the Republic of South Africa; and (2) private partnerships or commercial firms which are incorporated in or organized under the laws of the Republic of South Africa, whose principal place of business is in the Republic of South Africa, and which are more than 50 percent beneficially owned by South African persons of black, "colored" or Asian descent. The Republic of South Africa includes the so-called "independent" and "self-governing" homelands.

B. Competition: Except as otherwise provided in Sub-Section A. above, all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, free and open competition.

C. Staff Recruitment: The Recipient agrees that all staff recruitment for positions funded by USAID will be carried out through an appropriate competitive process and that salary levels will be in accordance with community and professional standards.

D. Travel and Per diem: The Recipient will provide for USAID approval a copy of its travel and per diem policy covering both domestic and international travel for its staff and for program participants, not to exceed U.S. Government rates. In the event the Recipient does not establish a policy, U.S. Government regulations governing travel and per diem shall apply.

E. Political Affiliation: The Recipient agrees that programs funded under this Agreement will be made available to individuals and groups regardless of their political beliefs or affiliations. The Recipient shall not discriminate in its hiring practices or in the provision of its services against individuals or organizations who associate themselves with any particular political philosophy. The Recipient shall periodically review the level of actual provision of its services to assure that persons or organizations sympathetic to certain political groupings or philosophies are not intentionally excluded from activities financed by USAID.

XI. STANDARD PROVISIONS

The Standard Provisions applicable to this Agreement are contained in Attachment 3 entitled "Standard Provisions."

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ATTACHMENT 2
PROGRAM DESCRIPTION

I. SUMMARY

This Agreement provides funds to the Desmond Tutu Educational Trust to support its tertiary education development program. The activities to be funded will be those aimed at improving access to quality tertiary education by disadvantaged South Africans and improving the quality and nature of tertiary education in South Africa, to reflect the socio-economic development needs of South Africa. Specifically, the Agreement will finance program development costs, including recruitment and selection of proposals; monitoring of selected program activities; administrative costs; and program evaluation as further explained in Section V. below.

II. BACKGROUND

A. Support to Tertiary Education Project

This Agreement is financed under USAID's Support to Tertiary Education Project (STEP). The goal of STEP is to ensure that black South Africans are full contributors to and participate meaningfully in the economic, political, social and intellectual life of their nation. To support the realization of this goal, the objective of STEP is to prepare and empower black South Africans and selected institutions for positions of leadership and importance, in order to promote peaceful change and transition to a nonracial democracy which is envisioned in the nations future. STEP is, therefore, designed to promote leadership and human resource development, and support the success of black students in tertiary education institutions. Based on extensive consultations with educationists, community leaders, parents and students, and also based on the Mission's own development assistance program for black South Africans, the STEP project strategy was developed. In accordance with the STEP strategy, priority is given to educational programs which: 1) help disadvantaged South Africans cope with and overcome the inadequacies of apartheid education; 2) are nonracial yet affirm black leadership within the organization; 3) promote communication and resource-sharing with organizations providing similar services; and 4) support the development of nonracial education in a post apartheid South Africa.

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B. The Desmond Tutu Educational Trust

The Desmond Tutu Educational Trust was established in July 1990 by a group of educators and community leaders in the Western Cape. It was formed for the purpose of soliciting funds from various donors and the sponsors of educational activities in tertiary institutions in the Western Cape.

The original goal of the Trust was to assist in redressing the educational disadvantages experienced by black students, resulting from structural and legal discrimination under the apartheid system. The objective of the Trust was to work with cooperating tertiary institutions in providing academic enrichment resources for disadvantaged students on black campuses. In pursuit of its goal, the Trust operated two funds, namely, the Student Assistance Fund and the Academic Institution Assistance Fund.

Upon its formation, the Trust requested A.I.D. funding for its Student Assistance Fund. The A.I.D. funds provided for: 1) student assistantships; 2) text books; 3) tutorial programs; and 4) work-study opportunities on and off campus. To date, the Trust has worked only with the University of the Western Cape (UWC). The USAID/Desmond Tutu Trust Agreement called for an evaluation toward the end of the Agreement period to assess the effectiveness of the Trust.

In November, 1991, the Trust commissioned an evaluation of the work-study program funded at UWC. The evaluation recommended improvement of the management of the work-study program by the Trust. However, an important recommendation was that the work-study program be extended to other tertiary education institutions so that the program can benefit other disadvantaged students in the Western Cape. Another evaluation was conducted by A.I.D. in May, 1992. The A.I.D. evaluation focused on the institutional development of the Trust. One of the most important recommendations of the second evaluation was that the Trust should establish its independence from UWC. This would be achieved by employing staff which are not part of UWC, by including members of other Western Cape educational institutions on the Board of Trustees and locating the Trust's office outside the premises of UWC. This Agreement embodies the major recommendations of both the programmatic and the institutional evaluations.

III. PROBLEM

Since the inception of the Bantu Education Act of 1953 and the Extension of University Education Act of 1959,

all schooling has been officially divided along racial and ethnic lines. Blacks, in particular Africans, were systematically excluded from high-quality academic education and technical training, and black schools were placed under racially separate ministerial control. Right from the beginning, educators and community leaders locally and internationally have opposed Bantu Education. Black people, in particular, have opposed it and sought ways of accessing higher quality education.

Despite the increasing demand by blacks for higher education, there remain significant barriers to their participation, including inadequate prior academic preparation, restrictive admissions policies, inequities in institutional funding, rising student fees, lack of financial aid, lack of campus housing, and the resistance of white students. Bantu Education has left many blacks unprepared for advanced academic work; in 1990, their pass rate on the Standard Ten exams was 36 percent (8 percent with matric exemption) compared to 96 percent for whites. Strict admission policies at a number of white institutions effectively limit the number of black enrolment and, of the few who are admitted, many subsequently fail and withdraw. This high failure rate disqualifies institutions who admit large numbers of blacks from commensurate increases in government subsidies. Blacks are also particularly hard hit by fee increases of 15 to 20 percent per year coupled with decreases in scholarship funding and shortages of student housing. Academic assistance programs offer one solution to such problems, but their cost is high, and the government will not fund them.

Blacks, especially Africans, are also dramatically under-represented among university faculty members and administrators. Even at the historically black universities, they tend to be outranked by white staff and to be underqualified in terms of degrees.

Black institutions as well as individuals are subject to inequity. The historically black universities have far fewer resources than their white counterparts. Their student-staff ratios are much higher. Their faculty are comparatively underqualified. Their libraries are smaller, their labs are underequipped, and their residential accommodation is in short supply. Their governance and curricula are only now recovering from Bantu Education policies and beginning to be Africanized.

Financially, black institutions have been particularly hard hit by the decline in higher education spending. Their subsidy levels have been frozen despite their mushrooming enrolments.

The segregation and duplication of institutions and programs have led to overall inefficiency in the use of resources. Growth rates at the historically white institutions are disproportionately low given the greatly expanded pool of (largely African) candidates, and certain programs are particularly cost ineffective. Colleges of education have inflated staffs: the same number of students could be taught by half the existing lecturers. At the historically black institutions, as well as at the University of South Africa (UNISA), the combination of inadequate academic preparation, underqualified staff, and inferior facilities, has produced high failure and drop-out rates and thus, internal inefficiency. This situation is especially troubling given the country's widespread skills shortages and the underdevelopment of high-level black manpower.

The fragmented nature of the South African tertiary education sector requires articulation and rationalization. It is almost impossible for students to move from technical colleges to technikons or from technikons to universities. Institutions and programs need to be rationalized to eliminate duplication and inefficiency, but without reducing the number of higher education opportunities available to students of all races and both sexes. A unitary education system under a single ministry is an urgent priority.

Education planning in South Africa is currently splintered among statutory and nonstatutory planning bodies and extraparliamentary organizations such as the African National Congress (ANC), Pan African Congress (PAC) and the Urban Foundation. It is clear that even the most minimal program of reform will include the removal of constraints on black enrolment at any institution, expanded financial support for black students, and the increased recruitment of black faculty and administrators.

As indicated above, the South African higher education sector is highly fragmented, disjointed and inefficient. A lot of work and creativity is required to make the system effective, efficient and accessible to all population groups, in particular, those who historically have been excluded by apartheid. Innovation has begun within a number of exemplary institutions and programs; these positive accomplishments need to be extended to the sector as a whole. Given the country's need for qualified manpower, the great potential of the black population needs to be developed. In this regard, the Trust, which works through cooperating institutions such as the University of the Western Cape, is considered to be the most strategic mechanism of addressing the needs and aspirations of black people and contributing toward

the development of an unitary, effective tertiary education system in South Africa.

IV. PURPOSE

The purpose of this Agreement is to enable the Trust to contribute to the redressing of the educational imbalance caused by apartheid by creating tertiary education opportunities for disadvantaged students; promoting accessibility by disadvantaged students to tertiary institutions engaged in the process of democratization; and enhancing the chances of academic success of disadvantaged students at tertiary institutions.

V. PROGRAM DESCRIPTION

Funds under this Agreement will be applied to the Academic Institution Assistance Fund and the Student Assistance Fund of the Desmond Tutu Trust to support its tertiary education development activities. Activities to be funded will be those aimed at institutional strengthening of black tertiary institutions, improvement of the tertiary education system in the Western Cape region and programs geared toward increasing access to tertiary education by disadvantaged black students.

A. Proposal Criteria

The Trust is responsible for soliciting, selecting and financing proposals from cooperating institutions in accordance with the criteria indicated below.

1. The cooperating tertiary institution must show concrete evidence that the process of restructuring has begun for a future nonracial educational system. Such steps as the elimination of quotas, modification of admissions criteria, relevant research sponsored by the institution, involvement in community work, and participation by black South Africans in leadership capacities, constitute evidence of restructuring.
2. The cooperating institution must demonstrate that it has the administrative, technical and financial management capability to successfully implement the program, including the availability of a qualified program coordinator who will serve as the contact person for the Trust and A.I.D.
3. The cooperating institution must provide evidence that the funds provided under the Agreement will be used exclusively for disadvantaged South Africans.

4. Proposals must provide a detailed description of the activities to be funded (including student benefits) and specific plans of how the activities will be implemented. The plans should include the staff and number of students participating and a timetable for required implementation actions.
5. Proposals must provide a plan for the competitive recruitment and selection of students that will receive support.
6. In regard to work-study programs, all proposals for this activity must be for the specific purpose of direct student assistance and shall not request funding for activities or costs that would normally be funded by the cooperating institution. No direct benefit shall accrue to the cooperating institution. For example, no funds shall be used for payment of permanent staff salaries or operating costs of the cooperating institution.
7. To the extent practicable, the program described in all proposals must have specific, measurable objectives.
8. To be eligible for funding, a proposal must have one or more of the following as an objective:
 - a. Improve access to tertiary education for black South Africans.
 - b. Africanize the curriculum to make it responsive to the socio-economic needs of South Africa, as opposed to the current Euro-centric approach of South African universities, and Africanize the student body and faculty of the tertiary institutions to reflect increased participation by members of the majority population.
 - c. Rationalize the tertiary education system to reduce duplication of academic programs in the different institutions of the region and to enhance cost effectiveness of tertiary institution operations in the region.
 - d. Improve dialogue and cooperation among tertiary institutions in the region to facilitate increased communication and coordination in identifying and addressing the myriad of problems facing the tertiary education sector.

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- e. Assist educationally disadvantaged black students at tertiary institutions to improve their performance and achieve successful completion of academic careers in a timely manner.
- f. Promote institutional strengthening of black tertiary institutions in the Western Cape region.
- g. Support Work-study programs that financially benefit the economically disadvantaged black students.

B. Administration

Fifteen percent (15%) of the budget provided under this Agreement will be for administration expenses, including the coordinator's salary, rent and utilities, and honoraria for the Trustees (to cover their expenses)

C. Management

A.I.D. oversight will consist of periodic meetings with the Trust's coordinator and recipient cooperating institution representatives. The Trust agrees to submit written reports on a semi-annual basis. Timely, detailed reports will be instrumental in monitoring the effectiveness of the Trust.

VI. IMPLEMENTATION PLAN

The following guidelines will be adhered to in the implementation of this program and as a way of improving the performance of the Trust.

1. The total amount for each tertiary education program funded under this Agreement shall not exceed R1,000,000. Furthermore, not more than 40% of the total funds under this Agreement should go to one institution. These limitations will ensure that more institutions and programs benefit from the Agreement funds.
2. The Desmond Tutu Educational Trust administration staff will monitor the Grant recipients closely to ensure that financial resources under this Agreement are utilized only for A.I.D.-approved activities listed above in Section V. A., Attachment 2 of the subject Agreement.
3. The Desmond Tutu Educational Trust staff will ensure that all Grant recipients provide detailed reporting on activities funded under this Agreement to facilitate the Trust's reporting to A.I.D.

4. Funding for each tertiary education program must include evaluation of the activities by the Trust. The evaluation of individual activities will form a data base for the external evaluation of the tertiary education development program at the end of the Agreement period.

VII. EVALUATION

The Agreement will finance a mid-term evaluation at the end of the first year that will assess the implementation of the programs funded by the Trust, the relationship between the Trust and qualifying tertiary institutions and determine any need for modifications.

The Agreement will also finance an external evaluation at the end of the Agreement period. In view of the fact that the earlier program evaluation was formative, it is required that at the end of this Agreement the program should go through an impact evaluation, focussing on, but not limited to, the following issues: 1) the relevance of the selected programs to the educational needs of black South Africans and the overall development needs of the South African tertiary education system; 2) the regularity and frequency of the tertiary education development program staff's supervision of program activities; and 3) the cost effectiveness of the selected tertiary activities in relation to the goals and objectives of the tertiary education development program. Funding for this evaluation is included in the budget of this Agreement and both the Trust and A.I.D. will agree on the scope of work and the evaluator.

VIII. ILLUSTRATIVE FINANCIAL PLAN

The following is the Illustrative Financial Plan for the three year budget

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Table I
Illustrative Financial Plan
(S.A.R)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>TOTAL</u>
Program Develop.	6,595,000	3,310,000	3,275,000	13,180,000
Administration	1,170,000	585,000	585,000	2,340,000
Evaluation	30,000	-	35,000	65,000
Audit	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>15,000</u>
TOTAL	<u>7,800,000</u>	<u>3,900,000</u>	<u>3,900,000</u>	<u>*15,600,000</u>

* Amounts to U.S. \$6,000,000

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FISCAL DATA:

Grantee Name: Desmond Tutu Educational Trust

Agreement No: 674-0309-G-SS-2038-00

Appropriation: 72-112/31014

BPC: GSS2-92-21674-KG13

Reservation Control No.: B920182

Amount: \$3,000,000

Drafted: DNgatane, PDO (draft) _____
Cleared: DEvans, PDO (draft) _____
WDuncan, PHRDO (draft) _____
WLivengood, CONT RDW wt _____
JAddleton, PROG (draft) _____
DKeene, RLA (draft) _____
JWeber, AD (draft) _____
WFord, DD _____

Funds Available:

CKC _____ wt
Lorraine Kew, ACCT

09/24/92
Date

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