



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-2044-00

2. Recipient Name Medical Education for South African Blacks

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 train black South African students in the health professions at South African universities and technical training schools.

ENTERED

SEP 16 1993

4. Principal Place of Performance

South Africa

Section

5. Benefiting Country

South Africa

6. Project Officer

Office Symbol

STEP

Name (Last, First)

Ngatane, D.

7. Grant Agreement Type

- A. Disaster Assistance
- B. American Schools & Hospitals Abroad (ASHA)
- C. Other Than Those Listed Above
- D. Title XII Authority

8. Basic Purpose

- A. Tech. Services to Host Country
- B. Commodities
- C. Train. Services to Host Country
- D. Research
- E. Arch. & Engineering Services
- F. Construction

7a. Extent Competed

- E. Competed by the Technical Office
- F. Competed by the Contracting Office
- G. Not competed (unsolicited proposal)
- H. Not competed (predominant capability, etc.)

9. Taxpayer Identification Number

10. Business Organization Type

- A. Corporation
- B. Individual
- C. University or College
- D. Historically Black College or University
- E. Educational Organization (other than University or College)
- F. International Center
- G. Research Organization (other than International Center)
- H. Voluntary Organization
- I. Foundation
- J. Hospital
- N. Hispanic American College or University
- Z. Other

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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
 \$956,650

13.a. Negotiator (Last, First, MI)
 Ngatane, D.

13.b. Signature

Ngatane

14.a. Contract Officer (Last, First, MI)
 Dean, Leslie A.

14.b. Signature

Dean

COPY OF AWARD DOCUMENT MUST BE ATTACHED TO THIS FORM

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID/South Africa

USAID/South Africa
P.O. Box 1882
Pretoria 0001

Tel: (012) 211-245
Fax: (012) 211-287

August 13, 1992

Dr. Nthato Motlana, Chairman, Advisory Council
Medical Education for South African Blacks/SA
University of the Witwatersrand Medical School
7 York Road
Parktown, 2193
South Africa

Subject: South Africa Support to Tertiary Education
Project Agreement with Medical Education for South
African Blacks/SA (MESAB/SA) - Agreement No.
674-0309-G-SS-2044-00

Dear Dr. Motlana:

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 Medical Education for South African Blacks/South Africa (hereinafter "MESAB/SA" or the "Recipient") and obligates the sum of \$956,650 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 December 31, 1995.

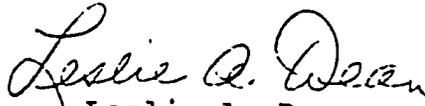
This Agreement is entered into with the Recipient on the condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, "Schedule," Attachment 2, "Program Description," Attachment 3, "Standard Provisions," Attachment 4, "Disbursement of and Accounting for Agreement Funds," Attachment 5, "A.I.D. Geographic Code 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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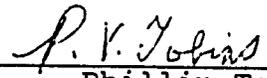
2

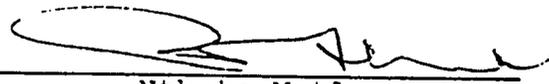
Please sign the original and one (1) copy of this letter and then return the original to USAID/Pretoria.

Sincerely,


Leslie A. Dean
Director

ACKNOWLEDGED AND ACCEPTED
Medical Education for South African Blacks/SA


By: Phillip Tobias, M.D.
Title: Trustee
Date: 20 August 1992


By: Nthato Motlana, M.D.
Title: Chairman, Board of Trustees
Date: 11/5/92


By: Victor Makenna, M.D.
Title: Vice Chairman, Board of Trustees
Date: 11/15/92

Attachments:

1. Schedule
2. Program Description
- ~~3. Standard Provisions and Additional 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: Medical Education for South African Blacks/SA

Agreement No: 674-0309-G-SS-2044-00

Appropriation: 72-112/31014

BPC: GSS2-92-21674-KG13

Reservation Control No: B920205

Amount: ~~\$965,650~~ \$956,650

Drafted: DNgatane, PDO (draft)
Cleared: RSanGiovanni, A/HRDO (draft)
WDuncan, PHRDO (draft)
WLivengood, CONT W
JAddleton, PROG (draft)
DKeene, RLA (draft)
JWeber, AD W

Funds Available Lorraine Kew, ACCT 03/11/92
Date

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ATTACHMENT 1
SCHEDULE

I. OVERVIEW OF AGREEMENT

The purpose of this Agreement is to provide funds to the Medical Education for South African Blacks/SA (MESAB/SA) for bursaries to train black South African students in the health professions at South African universities and technical training schools. The Agreement will fund, per A.I.D. training policies, the education of medical and dental students and will increase the support to students in the allied science disciplines. Attachment 2 entitled "Program Description," amplifies the above description of the Grant Program.

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 December 31, 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. \$1,933,600.

B. A.I.D. hereby obligates the amount of U.S. \$956,650 for eligible program expenditures during the period beginning from the date this Agreement is signed by an authorized USAID representative through August 31, 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, a positive evaluation, and the requirements of the Mandatory Standard Provision 4 of the Agreement entitled "Revision of Grant Budget."

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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 Grant 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
SAR

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<u>Item</u>	<u>Total</u>
Salaries	88,000
Capital Costs	30,000
Direct Costs	2,245,000
Indirect Costs	142,000
Evaluation	25,000
Audit	5,123
TOTAL	<u>2,535,123</u>

B. Level of Assistance

The Rand amount in the Illustrative Financial Plan (Table I) above is the maximum Rand amount available under this Agreement for the period from the date this Agreement is signed through August 31, 1993. 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 R2.65 to one (1) U.S. Dollar will be used. Notwithstanding the above, in no event will the total Rand amount provided to the Recipient under the Agreement exceed the obligated Dollar amount provided for in Section III. above.

Due to exchange rate fluctuations, the total amount of Rands available after converting the total obligated dollar amount into Rands may exceed the Rand 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 Recipients'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 shortfall since the U.S. Dollar amount prevails.

V. REPORTING

MESAB/SA will provide USAID with the following written reports:

- A. Semi-annual progress reports on activities funded and general performance under the Agreement in a format to be agreed upon by USAID and the Recipient at a later date.
- B. Evaluation reports as described in Attachment 2.
- C. A final written report on all activities financed by the Agreement, the content and format for which will be agreed upon by USAID and the Recipient at a later date.

VI. OVERHEAD RATE

Not applicable

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VII. TITLE TO 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.

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 total amount obligated under this Agreement, although it is planned that a modest amount of Agreement funds will be allocated for Dollar costs associated with outside technical assistance.

X. SPECIAL PROVISIONS

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A. Program Special Provisions

1. MESAB/SA agrees to enter into a subagreement with the Educational Opportunities Council (EOC) for services related to the advertisement, recruitment, and screening of candidates and for the maintenance of and accounting for students per EOC's already established procedures. These procedures will strengthen the MESAB program and streamline the management of the AID funds.

2. MESAB agrees to increase the numbers of bursaries for those candidates in the allied science disciplines to reflect the great need for that category of health professionals in South Africa. MESAB/SA shall exercise all reasonable efforts to achieve its target of allocating at least 60% of the slots and budgetary allocations to those candidates in the allied science disciplines and the balance of 40% to the training of doctors and dentists.

3. Special provision is made in this Agreement for a limited amount of selected technical assistance from MESAB/USA in support of program objectives.

4. Recently, USAID's controllers office conducted a financial review of MESAB/SA's financial management system to determine if MESAB/SA's financial management systems are adequate to receive, administer and account for USAID funds.

Based on the recommendation of the financial review, grant funds will be available only to:

- (a) employ an accountant; and
- (b) implement an effective accounting and internal control system.

Two calendar months from the effective date of the Agreement, and after the employment of an accountant and the implementation of an effective accounting and internal control system, USAID will conduct a follow-up review. If the results of the follow-up review are positive, USAID will communicate in writing that grant funds would be available for MESAB to implement the terms of the Agreement.

5. Within sixty days from the signing of this Agreement, MESAB/SA will submit to AID an implementation plan which sets forth the roles and responsibilities of MESAB/SA and its subcontractor and the plan for the program financed under this Grant.

6. Within sixty days from the signing of this Agreement, MESAB/SA will submit to AID written selection criteria to be utilized by MESAB/SA for the screening of applicants for bursaries.

B. Operational Special Provisions BEST AVAILABLE COPY

1. Procurement

(a) 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 offshore procurement could otherwise occur.

(b) 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.

(c) 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.

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

3. 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.

4. 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.

5. 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 provisions 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.

6. Audit: The Recipient agrees that Agreement funds may be utilized to finance an audit of programmatic activities, if so requested 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 assistance to the Medical Education for South African Blacks/South Africa (MESAB/SA) for fully funded bursaries for doctors, dentists, and allied health professionals. The Agreement will finance operational and programmatic costs for MESAB/SA, including costs associated with subcontracting for services related to the recruitment, screening, placement, monitoring, maintenance and accounting systems for students. The Agreement will specifically finance administrative costs (salaries, overhead and staff travel); certain capital costs; outside technical assistance; and costs associated with support to an existing Mentor Program. Evaluation and audit costs will also be covered under the Agreement.

II. BACKGROUND

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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 participants in the political, social, economic and intellectual life of their nation. To support the realization of the program's goal, the purpose 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 that is envisioned in the nation's future. STEP is, therefore, designed to promote leadership, develop human resources and support the success of black students in tertiary education institutions. Based on extensive consultations with educationists, community leaders, parents, students, and based also on the Mission's own assessment of the Bursary Project, priority is given to education projects which: help disadvantaged South Africans cope with and overcome the inadequacies of apartheid education; are nonracial yet affirm black leadership within the organization; promote communication and resource-sharing with organizations providing similar services; and support the development of nonracial education in a post-apartheid South Africa.

B. Medical Education for South African Blacks (MESAB)

MESAB is a not-for-profit organization founded in 1987 to support the training of South African black health professionals to bring better health care to all South Africans. MESAB was first incorporated in the U.S. and

has elicited and obtained over the years an impressive amount of support for bursaries for health professionals through its U.S. network of supporters. MESAB/USA established MESAB/SA in 1987. MESAB/SA administers, manages and implements the bursaries program and is responsible for accounting and program reporting.

In 1987 the South African Advisory Council allocated the first bursaries. Since that time, the allocations have escalated tremendously from 12 to 340 in 1991. To date, about 500 scholars have benefited from MESAB support (counting funds allocated but not yet disbursed), making it one of the largest private sources of scholarship assistance for students in the health sciences in South Africa. These students have received bursary support to pursue dental and medical careers as well as careers in the allied disciplines such as nursing, occupational therapy, oral hygiene, pharmacy, physical therapy, veterinary medicine, and speech/hearing therapy. The students have been placed in eight universities in South Africa: the Universities of Cape Town, Durban-Westville, Natal, Stellenbosch, the Western Cape, the Witwatersrand, Rhodes, and the Medical University of Southern Africa (Medunsa).

In addition to the scholarship program, MESAB has established a Mentor Program at five universities and Outreach Programs. MESAB also has an intensive monitoring program involving frequent contact and visits to the various universities in which the students are placed.

III. PROBLEM

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Apartheid denied black South Africans equal access to health care. While some apartheid laws have been repealed, they have left a legacy of gross disparities between the health of whites and blacks:

- Life expectancy is 9 years less for blacks than for whites.
- Infant mortality among blacks is 7 times that of whites.
- Child mortality is 12 times higher for blacks than for whites.
- Maternal mortality is 22 times that of whites.
- Preventable diseases such as typhoid, tuberculosis, and gastroenteritis are widespread among blacks though virtually eradicated among whites.
- Out of 30 million blacks, there are only 1,000 disadvantaged South African doctors, fewer than 50 dentists, 125 pharmacists, and a handful of physiotherapists and other allied professionals.

These conditions will not change unless South African blacks have the skills and training to be part of an effective and

equitable health care system. This Grant Agreement will address the problem by expanding the previous efforts of MESAB/SA to develop the human resources of black South Africans in the health professions. The Grant Agreement will provide bursary support to an additional 100 plus doctors, dentists and allied health professionals over the life of the Grant Agreement.

IV. PURPOSE

The purpose of the Agreement is to support MESAB/SA by providing bursary support and to assist the organization in building its capacity to administer and manage the expanded program. A subcontract with the Education Opportunities Council (EOC) is envisaged in this grant to strengthen, streamline and complement MESAB's ability to recruit, screen, and monitor bursary candidates in addition to manage and account for the bursary allocations. Follow-on and evaluation are also important features of this Grant Agreement. The Mentor Program will be supported by the Grant in order to assure the successful completion of the programs in which MESAB students are enrolled.

V. PROGRAM DESCRIPTION

This Agreement provides funding to MESAB/SA for the following purposes: (1) bursaries for doctors, dentists, and allied health professionals; (2) administration; (3) capital costs; (4) travel; (5) technical assistance; and (6) evaluation and audit.

A. Bursaries

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Bursaries will be provided for approximately 102 health professionals over the life of the Grant Agreement. Focus will be on the allied health disciplines with approximately 60% of funds and 60% of the students in the allied disciplines. The remaining 40% will be awarded to doctors and dentists. The programs will be fully funded, per AID training policies, and the scholarships will pay for tuition, residence, book allowances, medical allowances and incidental funding. The actual amounts will be based on the fee scales at each university.

Each scholarship will be for a duration of four years, with a special provision for one extra year in the event of the student having to 'carry' courses. In light of the fact that courses are of six years duration, students in the MBBCH (Medical) program and those in the Dentistry program, will receive bursaries for the first two years of study from MESAB/SA's own funds with funds from this Grant coming into force from the third year of study to completion. Students in the allied disciplines will be recruited, selected, placed, monitored and funded through this Grant for the duration of the degree.

Recipients of scholarships will be required to participate in the MESAB Mentor Program either as a "mentee" in the first two years of study or as a mentor in subsequent years. This program has demonstrated its effectiveness in providing support to MESAB students in the course of their study and will be supported by this Grant.

MESAB/SA will enter into a subcontract agreement with the Education Opportunities Council (EOC) under this Grant Agreement for assistance in the advertisement, recruitment, screening, selection, placement and monitoring of students. The subcontract with EOC will be non-competitive because EOC has predominant national capability to identify students for medical bursary purposes. EOC will also provide services related to the maintenance of students and the accounting of and reporting on bursary allocations, per AID requirements. Included in EOC's scope of work will also be assistance for follow-on and evaluation of MESAB graduates and its activities under this Grant, respectively.

B. Administration

The present administration of MESAB/SA will have to be expanded to satisfy the requirements of the Grant Agreement. As stated above, the expansion will include subcontracting for some of the key services required in this Grant Agreement. MESAB/SA will submit to USAID a draft of an organizational and administrative structure and delineate the roles and responsibilities of all entities involved in the implementation of the Grant Agreement. Administrative costs will include staff salaries, office rental and general operating costs of MESAB/SA (telephone, photocopying, utilities, office supplies, etc.).

1. Staff Salaries

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The Grant Agreement will finance 30% of the salary of an Executive Director and a Deputy Director's salary respectively. A typist will be funded for 50% time and a bookkeeper will be hired on a part-time basis. These percentage time allocations are based on the fact that some of the responsibilities will be contracted out to EOC and the staff will earmark some of their time to activities outside of this Agreement which, therefore, will receive financing through other MESAB resources.

2. Office Space

Provision is made in the Grant Agreement for the rental of office space to accommodate the expanded staff and program.

C. Capital Costs

Relocation to new office space will require the purchase of furniture, computer equipment and software, a fax machine and photocopying equipment which will be financed under the Grant Agreement. Before purchasing any of the equipment, MESAB/SA will: (1) seek quotes from at least three suppliers for the equipment needed; (2) evaluate the quotes based on both price and equipment offered; (3) prepare a short memo to USAID/South Africa describing the rationale for selecting the preferred offeror; and (4) receive USAID concurrence for the purchase.

D. Travel and Per Diem

The Agreement will finance travel around South Africa by MESAB/SA staff for the purpose of recruitment, selection and monitoring of MESAB students and meeting with university officials.

E. Technical Assistance

The Agreement will finance annual visits by MESAB/USA staff to South Africa. MESAB/SA will determine the nature and timing of the visits in close consultation with the U.S. staff.

F. Evaluation

The Agreement will finance a mid-term evaluation that will assess the training program and the relationship between MESAB and EOC and determine any need for modifications. The Agreement will also finance an outside evaluation of MESAB/SA in the last year of the Agreement which will assess and examine the effectiveness and impact of the program, the organization and prospects for the future. MESAB/SA and USAID will agree in writing on the scope of work for the evaluation as well as the persons selected to conduct the evaluation.

G. Audit

A total of R10,193 is provided for the recipient audit program.

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VI. ILLUSTRATIVE BUDGET

Table 2

Illustrative Financial Plan

<u>Item</u>	<u>SAR</u>		
	<u>Year 1</u>	<u>Year 2</u>	<u>Total</u>
1. <u>Salaries</u>	88,000	97,000	185,000
Executive Director (30%)	30,000	33,000	
Deputy Director (30%)	20,000	22,000	
Secretary (50%)	18,000	20,000	
Bookkeeper (Parttime)	20,000	22,000	
2. <u>Capital Costs</u>	30,000	15,000	45,000
Computers	10,000	5,000	
Copier	5,000	5,000	
Furniture	15,000	5,000	
3. <u>Direct Costs</u>	2,245,000	2,250,000	4,495,000
Bursary Allocation	2,200,000	2,200,000	
MESAB (US) T.A.	45,000	50,000	
4. <u>Indirect Costs</u>	142,000	148,000	290,000
Rentals	25,000	30,000	
Advertising, Printing	50,000	50,000	
Travel to S.A. Univ:	40,000	45,000	
Telephone/Supplies	27,000	23,000	
5. <u>Evaluation</u>	25,000	25,000	50,000
6. <u>Audit</u>	5,123	5,070	10,193
Total	<u>2,535,123</u> =====	<u>2,540,070</u> =====	<u>5,075,193</u> =====
Total: (Equivalent in \$)	\$956,650	\$976,950	\$1,933,600

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SOUTH AFRICA

an 50 dentists, 125 pharmacists, and a therapists and other allied professionals. to the lower life expectancy for blacks, the old and maternal mortality rates among the the prevalence of preventable diseases ted among the white population, and the nce of HIV infection among black South point to the need for increased black an effective and equitable health care

source

Education Project
909-G-SS-2044-00

5,650 of FY1992
Project (674-
Education for
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numerous bursary organizations in South affords an opportunity for USAID to support focus on human resource development in the ESAB/SA will subcontract with Education ncil (EOC) for the provision of discrete d and demonstrated by EOC over the past 27 B/SA and the Mission will benefit from the ence of the EOC in the recruitment, ection, student placement and maintenance and sary funds. MESAB/SA will also continue to technical assistance from MESAB/USA, ch has been made in the Agreement.

intent of this Agreement is to emphasize the South Africans in the allied health gets have been set which call for a minimum nd budgetary allocations for the allied es, with the remaining 40% going to the rs and dentists. Annual progress reports and re built into the Agreement to assure that ached and other program objectives are

licated above are consistent with the STEP al is to ensure that black South Africans are to and participants in the political, and intellectual life of their nation. Other pport of the education sector strategy are t the development of organizations involved tion and provide training for black South rship positions in those organizations under ation Program Support (TEPS) project. While oposed in this Agreement may have limited s as immense in proportion as those facing eds in the health sector, the effort that pporting them are important contributions to jective of human resource and leadership post-apartheid South Africa.

opment of this Agreement, the following identified and addressed as presented below:

17

A. Action Plan and Sectoral Strategy - This proposed Agreement was discussed during the FY92 STEP Action Plan review and given an "A" approval status in the Action Memorandum to the Director signed April 24, 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. \$956,650 to MESAB/SA, which brings total FY92 obligations under STEP to \$5,747,000 and total STEP obligations to date (FY90 to present) to \$36,521,999 out of a total authorized level of \$110,000,000. Up to the total amount of \$1,933,600 of the Agreement may be obligated in FY93 subject to the availability of funds, based on MESAB/SA's ability to satisfy the Special Provisions of the Agreement, and a positive evaluation. The Agreement ending date of December 31, 1995, is well within the STEP life of project expiration date of June 30, 2000.

C. Grantee's Illustrative Budget and Cost Negotiation - PHRDO conducted verbal negotiations with MESAB/SA to establish its priorities for funding. Costing included examining the proposed salaries for project staff which, according to our consultations, are similar to those of equivalent positions in other non-governmental organizations in the same field. Travel costs are controlled by the acknowledgment of MESAB/SA that its policy will not exceed official USG rates.

D. Noncompetitive Justification - Although competition is to be encouraged in the award of grants and cooperative agreements to NGO's (Handbook 13, Chapter 2B), Chapter 2B3a permits exceptions to competition where the proposal "is not solicited by A.I.D." and where the proposal is "unique, innovative, or proprietary and acceptance would be fair, reasonable, and would represent appropriate use of A.I.D. funds to support or stimulate a public purpose." MESAB/SA has submitted an unsolicited proposal, and it is the determination of PHRDO that the activity is "unique" as the MESAB/SA program is the only bursary scheme that has a substantial focus on human resource development in the health sector. Because this activity is consistent with STEP project objectives and is so unique, acceptance of the MESAB/SA proposal would be fair and reasonable and would represent an appropriate use of USAID funds.

E. Technical and Management Capability - As part of the negotiations for this Agreement, PHRDO conducted a review of the administrative and management structure of MESAB/SA. Based on the review, 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 also based in part on the fact that the Agreement stipulates that MESAB/SA should enter into a subagreement with EOC, which has demonstrated its

capacity to manage and account for AID funds, for those services for which it has a comparative advantage and more experience, including advertisement, recruitment and screening of candidates and for the maintenance of students.

F. Financial Management Capability - Recently, USAID's controllers office conducted a financial review of MESAB/SA's financial management system to determine if MESAB/SA's financial management systems are adequate to receive, administer and account for USAID funds.

Based on the recommendation of the financial review, grant funds will be available only to:

- (a) employ an accountant; and
- (b) implement an effective accounting and internal control system.

Two calendar months from the effective date of the Agreement, and after the employment of an accountant and the implementation of an effective accounting and internal control system, USAID will conduct a follow-up review. If the results of the follow-up review are positive, USAID will communicate to MESAB in writing that grant funds would be available for MESAB to implement the terms of the 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 does neither solicit nor receive contributions from the general public.

H. Sustainability - MESAB/SA and its parent organization MESAB/USA have cooperated in providing bursaries for disadvantaged blacks trained in health sector programs at US and South African Universities. MESAB/USA provides technical assistance and financial support to MESAB/SA. MESAB/USA receives considerable donations from US corporations, foundations, and organizations. MESAB/USA's contributions constitute approximately 65% of MESAB/SA's total budget. Ongoing support from MESAB/USA should help MESAB/SA to become a sustainable organization.

I. 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) the specification of financial management and reporting procedures in the attached Agreement; (b) the 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 a Grant as the 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.

5. Travel Policies - The Recipient will provide for USAID approval its travel and per diem policy for travel not to exceed US 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 MESAB/SA 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

Disapproved: _____

Date: August 13, 1992

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Drafted: DNgatane, PDO (draft)
Cleared: RSanGiovanni, A/HRDO (draft)
 JAddleton, PROG (draft)
 Wlivengood, A/CONT (draft)
 DKeene, RLA (draft)
 JWeber, AD (draft)

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ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SOUTH AFRICA

DATE: July 23, 1992

FROM: William Duncan, ^{WDP} Project and Human Resource
Development Office

SUBJECT: South Africa Support to Tertiary Education Project
(674-0309); STEP Agreement No. 674-0309-G-SS-2044-00

I. PROBLEM

Your approval is required to obligate U.S. \$956,650 of FY1992 funds under the Support to Tertiary Education Project (674-0309) through a grant agreement with the Medical Education for South African Blacks/South Africa (MESAB/SA), as described herein.

II. AUTHORITY

Pursuant to Redelelegation of Authority No. 452, the Director, USAID/SA, has authority to authorize and execute grants with indigenous non-governmental organizations (NGOs) in an amount not to exceed \$5.0 million.

III. DISCUSSION

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Based upon discussions and contacts with a wide range of community leaders and educators, USAID has received and reviewed numerous unsolicited proposals from educational organizations throughout the country for STEP activities which far exceed the FY1992 STEP budget. Based on the Mission's review of these proposals, an Agreement with MESAB/SA is recommended.

MESAB/SA, as described in the Agreement, has been involved in the training of black South African health professionals since 1987, including doctors, dentists, and professionals in the allied disciplines such as optometry, veterinary medicine, nursing, physiotherapy, occupational therapy, oral hygiene and pharmacy. It is now one of the largest organizations that focus on addressing the human resource needs in the health sector in South Africa. USAID support of this organization will increase the numbers of black South Africans trained in the health professions and strengthen MESAB/SA's capacity to implement, manage and evaluate the expanded program. USAID will also support MESAB/SA's Mentor Program, which is a strong and effective aspect of its program and, along with its intensive monitoring of students, helps to ensure the students' successful completion of their academic programs.

The Education Office is supportive of efforts to increase the human resource capacity of black South Africans across the board. Data on the availability of trained black health professionals in South Africa reveals that out of a population of 30 million black people, there are only 1,000 black

doctors, fewer than 50 dentists, 125 pharmacists, and a handful of physiotherapists and other allied professionals. These data, added to the lower life expectancy for blacks, the higher infant, child and maternal mortality rates among the black population, the prevalence of preventable diseases virtually eradicated among the white population, and the increasing incidence of HIV infection among black South Africans clearly point to the need for increased black participation in an effective and equitable health care system.

Though there are numerous bursary organizations in South Africa, MESAB/SA affords an opportunity for USAID to support the much needed focus on human resource development in the health sector. MESAB/SA will subcontract with Education Opportunities Council (EOC) for the provision of discrete services developed and demonstrated by EOC over the past 27 years. Both MESAB/SA and the Mission will benefit from the breadth of experience of the EOC in the recruitment, comprehensive selection, student placement and maintenance and accounting of bursary funds. MESAB/SA will also continue to be able to obtain technical assistance from MESAB/USA, provision for which has been made in the Agreement.

Additionally, the intent of this Agreement is to emphasize the training of black South Africans in the allied health disciplines. Targets have been set which call for a minimum of 60% of slots and budgetary allocations for the allied science disciplines, with the remaining 40% going to the training of doctors and dentists. Annual progress reports and two evaluations are built into the Agreement to assure that benchmarks are reached and other program objectives are satisfied.

The activities indicated above are consistent with the STEP 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. Other initiatives in support of the education sector strategy are those that support the development of organizations involved in tertiary education and provide training for black South Africans in leadership positions in those organizations under the Tertiary Education Program Support (TEPS) project. While the activities proposed in this Agreement may have limited impact on problems as immense in proportion as those facing human resource needs in the health sector, the effort that USAID makes in supporting them are important contributions to STEP's overall objective of human resource and leadership development for a post-apartheid South Africa.

IV. 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 an "A" approval status in the Action Memorandum to the Director signed April 24, 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.

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

Disapproved: _____

Date: August 13, 1992

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Cleared: RSanGiovanni, A/HRDO (draft)
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