

95-244
USAID/SOUTH AFRICA



DATE: April 18, 1995
FROM: K. Habib Khan
Chief - Human Resources Development Division (HRDD)
THROUGH: William Duncan
Director - Office of Social Development (OSD)
SUBJECT: Education Support and Training (ESAT) Project (674-0302),
Project Paper Supplement Number Two and Project Authorization
Amendment Number Five

I. Problem:

Your approval is required to amend the Education Support and Training (ESAT) Project No. 674-0302, deleting restrictions from the Comprehensive Anti-Apartheid Act (CAAA) of 1986, thereby allowing support for activities which engage the relevant Ministries and Provincial bodies representing the newly elected democratic Government of National Unity (GNU) in specific areas of education policy development, as described herein.

II. Authority:

Pursuant to the Africa Bureau Delegation of Authority 551 (revised), Section 4A(2), you have the authority to amend the ESAT Project Authorization, provided that the amendment does not:

- a) result in total Life of Project (LOP) funding of more than \$30 million;
- b) result in a total Life of Project of more than 10 years;
- c) present significant policy issues or deviate from the original project purpose; or
- d) require issuance of waivers that may be approved only by the Assistant Administrator or Administrator.

The proposed Project Paper Supplement and Authorization Amendment fully complies with these conditions. In particular, the Amendment does not: a) result in a change in LOP funding which was increased to the current level of \$50 million under Project Authorization Amendment No. 4; b) extend the current PACD of September 26, 1998; or c) present policy issues or deviate from the project purpose of testing approved models for basic education for disadvantaged South Africans. This will be described more fully below.

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III.

The ESAT Project was originally authorized on September 24, 1986, with a total LOP funding of \$6 million and a planned PACD of September 30, 1991. The original project purpose was "to support and expand selected activities in South Africa that advance the black community goals of educational equity and elimination of all forms of apartheid in the content and structure of the educational system in South Africa." The Project Authorization was subsequently amended on August 24, 1988, to extend the PACD to September 24, 1994. The Project Paper was revised on April 12, 1989 (PP Supplement No. 1) and the Authorization was amended (Amendment No. 2) to increase the LOP funding to \$19.5 million and to extend the PACD to September 24, 1996. The Project Authorization was further amended on November 19, 1992 (Amendment No. 3), increasing the LOP funding to \$30.0 million. Most recently and due in large part to expectations of increased funding and Congressional earmarks in basic education, the Project Authorization was amended (Amendment No. 4) in August, 1994 to increase the LOP funding to \$50 million and extend the PACD by two years to September 26, 1998. An Ad Hoc Delegation of Authority was provided in State 06097 and 197380 for the Director, USAID/SA to execute this Amendment.

Since its authorization in 1986, the ESAT Project has successfully funded grants to approximately 90 separate non-governmental organizations (NGOs) and other technical support activities. The ESAT Project purpose was revised in the First PP Supplement dated April 1989 to read: "to support indigenous, non-governmental initiatives which test improved models for basic education for disadvantaged South Africans and confront the waste of the apartheid education system." This amended project purpose appropriately reflected the CAAA legislation prohibiting USAID at that time from working with the Government of South Africa or any entities funded or supported by the apartheid regime.

With the dramatic changes taking place in South Africa in 1994, the Mission decided to increase the authorized ceiling for the project and to maintain the flexibility that will be required to react positively to the changes which were taking place within the country. However, this Amendment No. 4 did not reposition ESAT away from the CAAA legislation to include the new South African Democratic Transition Support Act which changes USAID's strategic thrust to support the democratically elected Government of National Unity (GNU).

During the last nine years, the ESAT Project has served as the Mission's primary vehicle for funding community-based and black-led initiatives in the basic education sub-sector of the Human Resources Development Division. This was done through institutional strengthening Grants, of small to medium size, to NGOs providing models for new and innovative approaches to education. As such, ESAT has played a crucial role in the Mission's broad strategy of support for the development of South Africa's post-apartheid education system.

The primary change affecting ESAT since the commencement of the project has been the democratic election of the GNU. With the abandonment of the formal structures of apartheid and the adoption of a government policy to provide free and compulsory, equitable education for the first ten years of schooling, the issues facing the education sector have drastically changed. In order to respond to these significant political

Unity (GNU) as a primary development partner. Implementation of the ESAT Project, authorized in conjunction with the CAAA, must now be updated to convey the intent of the South African Democratic Transition Support Act of 1993 which guides USAID support towards bilateral programming.

The ESAT Project will become more responsive to the current environment and more effective in attaining the project purpose if given the flexibility to engage the GNU in particular issues of education policy and systems development. Given that the education sector is largely public in nature, this will significantly assist Mission efforts to achieve the Strategic Objective 2.0, "to help establish a more equitable and effective education system." Without such a revision, ESAT would continue to be restricted to serving only the indigenous NGO sector. While the non-governmental sector will remain an important source of service delivery and model formation for years to come, the most urgent need for financial support lies with policy dialogue, technical assistance and training to enhance service delivery capability within the public sector. It is here that ESAT can have the most meaningful impact on the project's beneficiary group during its final four years.

Given the uncertainties surrounding USAID/South Africa funding, the Mission needs to be equipped to deliver timely education project interventions designed to support South Africa's present state of transition. The proposed amendment will provide urgently needed technical assistance to those Government structures and institutions engaged in the development of national education policies and improved service delivery capability. The amendment will also structure ESAT to better support other Mission basic and tertiary education projects in the process of engaging the GNU in policy analysis and development as well as program planning and implementation. Other education projects include:

1. The South African Basic Education Reconstruction (SABER) Project (674-0314) provides support for the development of a democratic and nonracial primary education system. SABER provides \$40 million for improvements in school administration, teacher training, and curriculum and materials development. The SABER Project also funds and expands successful model and pilot activities tested under the ESAT Project. The SABER Project will terminate in September, 1998.
2. The Support to Tertiary Education Project (STEP) (674-0309) provides training and technical assistance to NGOs to promote systemic change and improvements in the tertiary education sector. In addition, STEP also provides funding for leadership development training and degree training in South African tertiary education institutions. The STEP Project is authorized at \$110 million and will terminate in June, 2000.
3. Tertiary Education Linkages Project (TELP) (674-0315) provides support for linkages in the tertiary education sector, both within South Africa and between South African and U.S. institutions. TELP's intention is to enhance policy analysis, capacity building (especially for historically black universities and technikons in South Africa), and institutional linkages between South Africa and the U.S. TELP has a 10-year LOP of \$50,000,000, for a PACD of September, 2004.

democratically elected government and, in turn, to a new education system. Phase III is currently being negotiated and it is anticipated that SABER will be given the authority to engage the GNU in a bilateral agreement to directly assist the Government at the provincial level in issues related to primary education. To ensure needed coordination with the GNU, ESAT must also engage the government.

While SABER focuses on primary education, ESAT has supported both pre-primary and adult basic education. However, it is envisaged that the pre-primary thrust (10 current grants) will be scaled down and possibly phased out by roughly the end of 1996. Therefore, it is planned that ESAT will continue to be the appropriate vehicle to support initiatives in the field of Adult Basic Education and Training (ABET). The ABET field, which has been given the status as a "Presidential Priority" and a lead project of the Reconstruction and Development Programme (RDP), will become a primary focus for ESAT funds. In particular, over the next four year period, ESAT will assist in the development of an ABET national plan and implementation of national standards for curriculum, instructional materials, learner evaluation and assessment. To date, ESAT has funded approximately 20 of the leading ABET NGOs in South Africa (representing an investment of \$3.7 million) and will, under the proposed project amendment, strive to leverage this support by promoting NGO service delivery at the Provincial level of the GNU.

IV. Summary of Project Supplement No 2/Authorization Amendment No. 5:

The amendment herein proposed provides new language to authorize the use of project funds to support GNU, in addition to non-governmental, initiatives. This modification will allow project activities to reflect the realities of the new dispensation in the education system and will provide higher level impact activities through the PACD of September 26, 1998. The project goal, purpose and objectives, as revised in the First PP Supplement, remain essentially unchanged.

A. Project Goal and Purpose.

The ESAT Project Goal remains "to promote the political and social change in South Africa that leads to an end of apartheid and to a political system based on the consent of the governed." With the accomplishment of the first phase, ESAT has moved towards the second aspect of this project goal - the transition to a responsive political system. The ESAT Project purpose will not change, except to include the GNU in project implementation arrangements as a development partner. The purpose under the proposed amendment is therefore "to support indigenous, non-governmental and governmental initiatives which test improved models and develop policies of basic education for disadvantaged South Africans and confront the waste of the apartheid education system."

B. Areas of Focus.

The ESAT Project has a dual focus on formal and non-formal education. The current operational areas of focus are:

3. qualitatively improve black education through in-service teacher training;
4. develop applied adult literacy training;
5. develop pre-school preparation programs; and
6. support policy formulation and implementation.

The proposed modification to project implementation arrangements expands areas of focus to reflect the dynamic nature of educational system needs and the Mission's strategic objectives. The additional areas of focus for the ESAT Project include:

1. develop alternative secondary education programs for marginalized/unemployed young adults;
2. support materials development, curriculum and research for ABET; and
3. support policy formulation, systems development and implementation relevant to the transformation of the education system.

C. New Project Element - ABET Bilateral

As noted above, it is anticipated that over the next four year period ESAT will focus on the field of Adult Basic Education and Training (ABET) and will develop in FY 95 an ABET component to a larger bilateral agreement with the Ministry of Education. The purpose of the bilateral will be to provide financial and technical support towards the development, advancement and implementation of a national policy for the provision of adult literacy services to disadvantaged communities in South Africa. This activity will assist the GNU's efforts to deliver a national plan for adult literacy services by strengthening the coordination and monitoring of NGOs and other service delivery mechanisms, by equipping the sector with national standards of accreditation and certification, and developing a national media campaign to promote literacy services throughout the country.

By assisting in the development of a national plan of action which advances a framework for the integration of education and training and provides national standards, ESAT will promote the work of the NGO sector and work to broker partnerships between the Provincial governments and the community-based ABET providers. ESAT will accomplish this by providing GNU structures and Ministries access to technical assistance, for both capacity building and strategic planning and by continuing its support to those NGO models of excellence.

It is envisaged that, while a limited scope bilateral agreement will be signed with the GNU for support in the ABET sector, existing project-funded contracts and grants will be utilized to deliver technical assistance to the GNU. This will reduce the administrative burden and provide a quick, uninterrupted response to the transition needs of the GNU. If additional assistance is required for short-term assignments, IQCs will be utilized on a case-by-case basis. No new long-term technical assistance is envisaged.

D. Strategic Objective and Results Monitoring

Under the current Mission strategy, the Human Resource Development Division's strategic objective is "to help establish an equitable and efficient education system."

new and innovative approaches to education; 2) helped develop alternate educational policies and ensure that they are actively considered by decision makers; 3) enabled educational institutions to better meet demands placed on a new, non-racial education system, and 4) increased number of qualified and skilled black South Africans engaged in education.

In preparation of the 1994 API, ESAT grantees provided data to show achievements of program outcomes that lead to project impact. Results reporting requirements in grants have now been formally modified to routinely gather detailed, agreement-level impact information on a semi-annual basis. In addition to this self-reporting by grantees, the Project currently funds impact assessment work under the Improving Educational Quality (IEQ) Project, a centrally funded buy-in, working to develop monitoring and evaluation systems within USAID-funded organizations. IEQ work provides a broader programmatic assessment of ESAT impact, thus complementing agreement-level results reporting provided by individual grantees.

While the Mission strategy is currently being updated to reflect the ever changing education policy environment in South Africa, ESAT's contributions will continue to be significant. Grants and other contractual arrangements, such as the bilateral noted above, will be developed to include API monitoring provisions to ensure that baseline data is documented, project progress monitored closely and results reported regularly.

E. Financial Plan.

The Project Authorization Amendment No. 4 provided additional authorized funding in the amount of \$20.0 million to continue project activities through FY 1998. With four years remaining in the project, there is an authorized LOP balance of \$19.822 million. A budget allowance of \$5.0 million has been provided for FY 1995, which leaves an authorized LOP of \$14.822 million to be programmed and obligated during FYs 1996 - 98.

The current project pipeline of \$9.8 million is approximately one third of the obligated level. Given the high levels of FY 93 and 94 obligations (\$11.5 million) and the nature of NGO projects which often experience up-front delays in the implementation of programs, a pipeline of this size is understandable. ESAT staff will continue to work closely with project-funded NGOs to expedite implementation of grantee activities, processing of vouchers and the timely close-out of expired agreements.

The following table provides an illustrative breakdown of authorized ESAT Project funds since the inception of project activities.

(U.S. Dollars 000s)

Budget Item	Original PP	Amend No. 2*	Amend No. 3	Amend No. 4	Amend No. 5**	Totals
NGO Grants	5,800	12,700	7,210	14,360	0	43,010
Technical Assistance	200	800	3,000	5,500	0	6,500
Equipment	0	0	40	0	0	40
Evaluation/Monitoring/Audits	0	0	250	200	0	450
Total	6,000	13,500	10,500	20,000	0	50,000

Notes: * supported by PP Supplement No. 1
** this Amendment does not add funding to the Project

A summary of obligations to support activities planned in the original project and subsequent amendments is presented in the table below. The numbers provided represent the number of activities supported through the Project, by sector.

Summary of Project Obligations

Activities	Orig. PP	PP Sup. No. 1	Am. No. 3	Am. No. 4	This Am. 5	Total
1. Community-based schools	9	4	-	-	-	13
2. Pre-school programs	2	5	2	8	-	17
3. Literacy programs	1	5	2	8	2	16
4. Materials Development, Curriculum & Research	2	6	5	4	2	17
5. Teacher Training	4	5	5	5	2	19
6. Secondary School Bursary	4	2	1	-	-	7
7. Education Policy Research	-	8	5	4	3	17
8. Science/Math	-	5	3	3	-	11
9. Technical Assistance	-	3	1	1	1	5
Total	22	43	24	33	10	132

F. Project Activity Selection

The activity selection criteria for the ESAT Project, which were developed in part from the recommendations of the ESAT Project Evaluation conducted in October of 1989, have proven to be effective and will continue to be used for the review of Grant proposals from non-governmental organizations.

but related set of selection criteria will be developed from assessments of the basic education sector and project development priorities.

Potential ESAT funded activities are examined annually in Activity Selection Reviews (ASR). The ASR review proposals submitted by NGOs and other entities, as well as outcomes of active consultation with the GNU and disadvantaged community. AID/W and Congressional priorities, project evaluations, technical assessments and monitoring activities guide project and grant funding decisions and provide input for project funding decisions made at the Activity Selection Review. This process ensures that all ESAT funded activities support project and Mission-wide program objectives.

As an integral part of the selection process, all potential recipient organizations undergo a financial review before the obligation of funds to ensure that they keep adequate books and records and employ proper financial procedures. These financial reviews are conducted by local accounting firms under an IQC. As needed, grant recipients may also receive additional TA in the area of financial management and accountability. In addition, new grantees which receive over \$100,000 in funding a year, participate in the recipient audit program which requires an annual audit of Agreement funds.

G. Implementation Plan

This Amendment No. 5 proposes to expand the implementation mechanism of the ESAT Project to enable support for GNU initiatives during the transition from an apartheid system of education to a unitary and equitable system which provides access to all South Africans. Given that the Provincial Governments have constitutional jurisdiction over basic education, project assistance will primarily target this level of governance, but will engage the National Ministry of Education on broader policy issues, such as curriculum and material development or accreditation and testing. Through a consultative process, an implementation plan will be developed in collaboration with the relevant GNU parties, which outlines the technical assistance needs and identifies contractual opportunities for supplying this technical assistance. Unless otherwise designated to a particular contractor, the management responsibilities for these activities will rest with the Mission.

As discussed above, a limited scope bilateral grant agreement, signed with the GNU, is planned to ensure necessary government involvement and leadership in the policy and program development/implementation process. This agreement would not rely on GNU involvement in contract or grant administration as USAID would continue to deliver assistance under current, proven direct contract and grant modes. This USAID administrative control is necessary as the GNU is still in the process of restructuring the apartheid Ministry of Education to establish service delivery mechanisms for the disadvantaged majority. The final year of project implementation (FY 1998) will emphasize the completion and wrap-up of grant activities and the final evaluation of the project.

A summary of grant obligations and other activities supported under the original and amended project and additional obligations planned through the PACD is presented below. The proposed obligations represent new and amended grants and relevant technical support under the original NGO project element and a bilateral obligation to provide GNU support.

Illustrative Obligation Plan
(\$000)

Obligations to Date	Revised Illustrative Obligation Plan				
	FY95	FY96	FY 97	FY 98	TOTAL
(FY 86-94)					
30,360	5,000	6,000	3,140	0	45,000

H. Evaluation Plan:

Project evaluations have been planned throughout the implementation period to review models, curricula, and guide grant and project activities. The PP Supplement No. 1 planned three (3) separate types of evaluation activities: individual grant, technical and program evaluations. Individual evaluations of grantee activities, while carried out by NGOs themselves, will be balanced by external technical and program evaluations. Technical evaluations or assessments are directed toward common problems and solutions experienced by ESAT supported grantees and NGOs within specific subsectors, e.g. primary education, community-based schools, pre-schools, teacher training, etc. Finally, program evaluations focus on overall project accomplishments and results, criteria for selection of grants and special issues.

A mid-term, external project evaluation was carried out in October 1989, which has guided project activities adequately. A second Program Evaluation was conducted in October 1993 and consisted of a review of the progress of the project since the last evaluation, an assessment of the effectiveness of the grant portfolio in supporting a post-apartheid education program, a review of the impact of grant activities and specifically an assessment of the basic education models and grantee evaluations as planned in the PP and required in the grant agreements.

A Basic Education Sector Assessment (BESA) has been planned to commence in late April, 1995 and will be a critical step towards articulating a funding strategy for the Mission's Country Program Strategic Plan (CPSP) to be submitted in November, 1995. In addition to the overall sector assessment, the Mission continues to undertake a series of primarily informal sector assessments and surveys to guide project technical activities. Research has also been carried out under the ESAT Project to identify policy options for basic education. However, fewer technical assessments or surveys have been carried out than planned in PP Supplement No. 1, due to the shortage of staff and growing numbers of other relevant assessments funded by other donors.

A revised evaluation and technical assessment plan is provided below which is consistent with funding and staff levels.

Fiscal Year	FY89-94	FY95	FY96	FY97	FY98
Evaluation/Assessment Status	Completed				
Program Evaluations	1989, 1993				XXX Final
Technical Assessments:					
Socio-Educational Review	90-91, 93	BESA	XX	XX	
Adult Literacy	91, 92	XX		XX	
Teacher Training	92	XX			
Primary Education	92	XX			
Pre-School (mostly by other donors)		XX			
Secondary School Bursaries		-			
Policy Research	1992, 1993	XX		XX	

V. Project Issues:

A. Project Management

The Mission has sufficient management support for ESAT. Currently there is one U.S. Direct Hire person supervising both the SABER and ESAT Projects. Under his supervision, the ESAT Project is managed by one full-time U.S. Personal Services Contract (USPSC) education specialist, assisted by a full-time Foreign Service National PSC (FSNPSC) employee, and a part-time USPSC employee (hired locally) who together provide project management, monitoring and follow-up assistance with indigenous NGOs and grantees and project evaluation and analysis activities. Finally, a long-term technical assistance team (ABEL) is providing educational and organizational technical support for NGOs and grant activities. That TA contract is due to expire in September 1996 so it will probably be necessary to provide additional project funding to extend this buy-in or to access other similar buy-ins during FY 1997 (FY 1998 is not anticipated to include significant technical assistance delivery).

B. Special Actions Required.

1. **Local Cost Financing:** The provision for local cost financing made in the original Project Paper remains valid.
2. **Initial Environmental Examination (IEE):** The IEE provision made in the original Project Paper remains valid.
3. **Limited Competition for Grants:** The provision for limited competition made in the original Project Paper remains valid.
4. **Waivers:** No waivers are required.

C. Congressional Notification (CN).

A technical notification was submitted to Congress on April 7, 1995. Upon its expiration, obligations may be incurred.

This Action Memorandum constitutes Project Paper Supplement No. 2 and supports Project Authorization Amendment No. 5. Except as revised herein, all project paper analyses and other documentation remain valid.

VII. Recommendation:

That you approve the Educational Support and Training Project Paper Supplement No. 2 and Authorization Amendment No. 5, by signing below and on the attached Project Authorization Amendment.

Approved: _____


Leslie A. Dean
Mission Director

Disapproved: _____

Date: June 1, 1995

Attachments:

- A. Authorization Amendment No. 5

drafted:
cleared:

SLabaree, OSD/ESAT ^{10k}
KHKhan, SHRDO
WDuncan, OSD
DKeene, RLA
JMcAvoy, RCO
KFreemen, PROG
JHarmon, PDD
MBeebe, PDD
JWooten, PPDO
BLivengood, CONT
Ward, DD
DWendel

	date
JFA	4/17/95
F 11.5	5/25/95
P 11.10	5/25/95
AK	5/25/95
gm	6/1/95
AK	5/8/95 ^{changed}
AK	4/17/95 ^{worked}
AK	4/19/95
AK	5/10/95
AK	5/23/95
AK	6/1/95

PROJECT AUTHORIZATION AMENDMENT
NUMBER FIVE

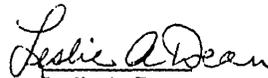
NAME OF COUNTRY: Republic of South Africa
NAME OF PROJECT: Education Support and Training (ESAT)
NUMBER OF PROJECT: 674-0302

1. Pursuant to the Foreign Assistance Act of 1961, as amended, and to Title II of the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1989, the Education Support and Training (ESAT) Project for South Africa was authorized on September 24, 1986, and amended on August 24, 1988, April 12, 1989, November 19, 1992, and August 29, 1994, respectively. That authorization is hereby further amended as follows:

- a. Paragraph one (1) is deleted in its entirety and the following is substituted in lieu thereof:

"Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the South African Democratic Transition Support Act of 1993, I hereby authorize the Education Support and Training (ESAT) Project (the "Project") involving planned obligations of not to exceed \$50,000,000 in grant funds, over a twelve year period from the date of initial authorization, subject to the availability of funds in accordance with the AID OYB allotment process, to help in financing foreign exchange and local currency costs for the Project. The planned expiration date of the project is twelve years from the date of the initial obligation."

2. Except as hereby amended, the authorization cited above remains in full force and effect.


Leslie A. Dean
Mission Director

Date: 6/1/95

ESAT Project (674-0302) Authorizat

drafted:
cleared:

SLabaree, OSD/ESAT ^{For}
 KHKhan, SHRDO
 WDuncan, OSD
 DKeene, RLA
 JMcAvoy, RCC
 KFreemen, PROG
 JHarmon, PDD
 MBeebe, PDD
 JWooten, PPDO
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<u>T.H. V</u>	<u>4/25</u>
<u>H.K.</u>	<u>4/25</u>
<u>(initials)</u>	<u>5/12/95</u>
<u>Jan</u>	<u>6/1/95</u>
<u>WST</u>	<u>5/8/95</u>
<u>JFA</u>	<u>4/14/95</u>
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<u>WST</u>	<u>5/23/95</u>
<u>JFA</u>	<u>4/1/95</u>

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