

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/SOUTH AFRICA

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16 AUG 1995

Dr. Madeleine F. Green
Vice President for International Initiatives
American Council on Education
One Dupont Circle, N.W., Suite 800
Washington, D.C. 20036-1193

Subject: South Africa Support to Tertiary Education
Project; Grant Agreement with the American Council on
Education (ACE); Agreement No. 674-0309-G-SS-3070-00

Dear Dr. Green:

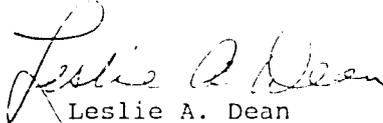
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Comprehensive Anti-Apartheid Act of 1986, as amended, the Agency for International Development (hereinafter "USAID") hereby enters into this Grant Agreement (hereinafter "Agreement" or "Grant") with the American Council on Education (hereinafter "ACE" or the "Grantee") and obligates the sum of \$389,890 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 as of the date this letter is signed by an authorized USAID representative. The Agreement and obligation shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning on the effective date of this letter and ending July 31, 1995.

This Agreement is entered into with the Grantee 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, "A.I.D. Geographic Code List," and Attachment 5, "Grantee Certifications." This letter and the five attachments just described, which have been agreed to by your organization, constitute the Agreement.

We request that you and the President of the American Council on Education sign the original and one (1) copy of this letter and then return the original to USAID/South Africa.

Sincerely,



Leslie A. Dean
Director

Date: August 16, 1973

ACKNOWLEDGED AND ACCEPTED

American Council on Education

By: Dr. Madeleine F. Green
Title: Vice President for International Initiatives
Date: _____

By: Mr. Robert H. Atwell
Title: President of the American Council on Education
Date: _____

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions and Additional Provisions as Applicable
4. A.I.D. Geographic Code 935 List
5. Grantee Certifications (Grantee Signatures Required)

FISCAL DATA AND CLEARANCES:

1. Fiscal Data:

Agreement No: 674-0309-G-SS-3070-00

Grantee: The American Council on Education

Appropriation: 72-113/41014

BPC: GSS3-93-21674-KG13

Reservation Control No: B930189

Amount: \$389,890

Total Project Obligations to Date including Current Grant
Obligation: \$*

Total Project Authorization Amount: \$110,000,000

Agreement Completion Date: August 31, 1995

Project Assistance Completion Date (PACD): June 30, 2000

Funds Available: _____

ACCT: _____

Date: _____

2. Clearances for Action Memorandum, Grant Agreement Letter
and Attachments 1-5:

Drafted: LThompson, TDY
MJohnson-Pizarro, PDO

Clearance:

DNgatane: PDO drafted
WDuncan: PHRDO WGD
DEvans: HRDD DE
JAddleton: PRO A
DKeene: RLA AK
GHensley: CONT HH
DRathbun: DD DR

Agreement No: 674-0309-G-SS-3070-00

ATTACHMENT NO. 1
SCHEDULE

I. OVERVIEW OF AGREEMENT

The purpose of this Agreement is to provide funds to the American Council on Education to assist three historically black universities (HEUs) in South Africa, which are, the University of the North, the University of Durban-Westville, and the University of the Western Cape, in their development of a strategic planning capacity. The project will: (1) assist the vice chancellors in honing their skills in strategic planning by providing them with expert advice and opportunities to engage with one another as well as with individuals experienced with the planning process; (2) reinforce on campus a "culture of planning" by providing opportunities for faculty and staff to learn about planning and to engage in it; and (3) provide faculty and staff with the technical know-how to engage successfully in the planning process, including an understanding of the methods, the uses of data in planning, and strategies for program review.

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 July 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. \$887,550.

B. USAID hereby obligates the amount of U.S. \$389,890 for eligible program expenditures during the estimated period of August, 1993, through July 31, 1994.

C. Payment under this grant shall be made by means of a Letter of Credit (LOC) in accordance with the terms and conditions of the LOC and any instructions issued by A.I.D.'s Office of Financial Management, Cash Management and Payment Division, Letter of Credit Branch (FA/FM/CMP/LC). As long as the LOC is in effect, the terms and conditions of the LOC and any instructions issued by FA/FM/CMP/LC constitute payment conditions of this Grant, superseding and taking precedence over any other provision of this Grant concerning payment.

Parties hereto to proceed with the Grant program, and to the requirements of the Mandatory Standard Provision, Attachment 3 to the Agreement, paragraph 3 entitled "Revision of Grant Budget."

IV. FINANCIAL PLAN

A. Financial Plan

The Financial Plan for funds obligated under this Agreement is set forth in Table 1 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 Grantee is authorized a 15% deviation between line items, provided that USAID is notified in writing of such budget changes in the Grantee'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.

Set forth in Attachment 2, Section VI., is a Detailed Illustrative Financial Plan. This Attachment 2, Illustrative Financial Plan incorporates the planned total estimated A.I.D. contribution over the life of the Grant.

Table 1
Financial Plan
United States Dollars

<u>Item</u>	<u>Total</u>
University of the North	\$64,343
Univ. of the Western Cape	82,840
Univ. of Durban-Westville	82,779
Workshops	29,878
Consultants	102,151
Program Administration	27,899
TOTAL	\$389,890

B. Level of Assistance

The total amount in the Illustrative Financial Plan (Table 1 above) is the maximum available under this Agreement. 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.

V. REPORTING

The Grantee will submit to USAID, in a timely manner, written semi-annual progress reports to USAID on activities funded and general performance under the Agreement. The content of the semi-annual reports will be mutually agreed upon but 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 Grantee must clear consultants with USAID; provide copies of materials developed, and provide oral and written program reports, as needed. The Grantee will also submit in a timely manner, and in a form to be agreed upon in writing by the Parties hereto, a written final report on all activities financed by the Agreement.

VI. ADMINISTRATIVE SUPPORT COSTS

The overhead rate of 21.9 percent is an established rate and is used for activities funded under this Grant as specified in the Financial Plan.

VII. TITLE TO PROPERTY

Title to all property purchased under this Agreement shall vest in the Grantee in accordance with the terms of Attachment 3, Additional Standard Provision 21, 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. To the maximum extent practicable, goods and services financed with funds provided under this Grant should be procured from the United States. Please refer to Attachment 4 for a list of countries included in Code 935.

IX. SPECIAL PROVISIONS

A. 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 offshore procurement could otherwise occur.

2. Policy. In the procurement of goods and services in South Africa, the Grantee shall, to the maximum extent practicable, award contracts to individuals who or organizations which have been 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.

R. 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 Grantee 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 Grantee 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. The travel and per diem rates established under such policy shall not exceed U.S. Government rates. In the event the Grantee does not establish a policy, U.S. Government regulations governing travel and per diem shall apply. The Grantee will use a U.S. airline whenever possible and prior USAID approval of itinerary is required.

E. Political Affiliation

The Grantee agrees that programs funded under this Agreement will be made available to individuals and groups regardless of their political beliefs or affiliations. The Grantee 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 Grantee 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.

X. STANDARD PROVISIONS

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

ATTACHMENT 2
PROGRAM DESCRIPTION

I. OVERVIEW OF AGREEMENT

The purpose of this Agreement is to provide funds to the American Council on Education to assist three historically black universities (HBUs) in South Africa, which are, the University of the North, the University of Durban-Westville, and the University of the Western Cape, in their development of a strategic planning capacity. This encompasses the shared understanding of, and commitment to, the application of modern management techniques to the operations of the university over the long term. The project will: (1) assist the vice chancellors in honing their skills in strategic planning by providing them with expert advice and opportunities to engage with one another as well as with individuals experienced with the planning process; (2) institutionalize a "culture of planning" on campus by providing opportunities for faculty and staff to learn about planning and to engage in it; and (3) provide faculty and staff with the technical know-how to engage successfully in the planning process, including an understanding of the methods, the uses of data in planning, and strategies for program review.

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 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, and 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.

The University of the North has not yet begun a formal institutional assessment and strategic planning exercise. While there has been a great deal of discussion of the issues, planning is at a preliminary stage. A master plan will be developed with special attention paid to overall goals, growth in the student population, the curriculum, priority academic areas, staff recruitment, and institutional facilities. Like many other HBUs, the University has responded to the pressing needs of black students seeking access to higher education to the point that it crossed the threshold of capacity some time ago. This has put tremendous pressure on the faculty, administration, and students; it has created conditions that are not conducive to high-quality education. The University also has a shortage of high-quality administrative staff and qualified faculty; it has been penalized by the government's funding formula and by its unwillingness to provide additional resources for an enrollment that has grown exponentially in recent years.

The recent appointment of a new Vice Chancellor is encouraging and should mean that the project can move forward as scheduled without interruption. Consensus exists on the need for a major planning effort and the institution seems prepared to move ahead.

The highest priority for the University of the North is to have a senior consultant work with the Vice Chancellor to help set up a planning process. This effort would include establishing planning strategies, identifying data to be gathered, developing mechanisms for collecting and analyzing the data, and setting a timetable for the process. The consultant would make an initial visit of two weeks during the first year and would return several months later for another two weeks. There would be regular communication among the consultant, the Vice Chancellor, and senior planners during the course of the project. During the second year, the senior consultant would visit the campus at least once for an additional two weeks. The work of the senior consultant would be supplemented by consultants who bring to the planning process special skills in areas such as data gathering and analysis, academic program review, and financial management.

Financial support would be provided to cover the costs of an additional planning officer to oversee the strategic planning project, to gather and analyze data, and to work on preparing a plan with the Vice Chancellor and other University leaders. The senior consultant will advise the planning officer and help set up a viable planning process in consultation with the Vice Chancellor. In addition, the ACE office will provide resource materials to the planning officer. The Agreement provides funds for the purchase of small computers, software, supplies, and related items.

The University of Durban-Westville has made noticeable strides in its institutional planning process and has recently carried out a review of its mission statement. The aims of the

University have been reexamined in light of the changes currently taking place in South Africa. Leaders at Durban-Westville are interested in expanding both the capacity to plan and the number of people involved in planning and administration. They want to begin with a review of their administrative structure, planning and analysis capacity, and effectiveness. Also high on their priority list are reviewing academic programs and planning efforts to diversify their sources of funding.

There is general agreement that despite existing talent, leadership ranks are thin, partly as a consequence of apartheid and partly due to limited development opportunities. Some of the consulting and many of the workshops would be designed to help overcome those problems. Consulting assistance will be provided to help the University review its administrative capacity, including administrative procedures, technology, staff allocation, and planning capacity.

The Agreement provides for an initial consultation of two weeks to assist in the review process. The senior consultant would return for a second visit later the first year and at least once during the second year. Should priorities change after the first year, the ACE project director and the Vice Chancellor can reassess the specific requirements for assistance and select different consultants as necessary.

The University will also receive the assistance of a data analyst to supplement the existing administrative planning staff. This person will be familiar with quantitative methods of data collection and analysis and will provide ongoing data analysis for planning to senior administrators and University planners. Computers and software are included to ensure that the process moves forward.

The University of the Western Cape has a well-developed academic planning process underway. The Vice Chancellor and his senior administrators rank academic planning as their highest priority. A grant from the Mellon Foundation has provided start-up funds. Because the University has given so much attention to planning, it is aware of the need for additional training and resources to make the process as effective as possible.

The University has an Academic Planning Committee in operation but is eager to improve its ability to plan effectively by upgrading and increasing the number of staff and their data capabilities. The problem is less one of gathering needed data than of bringing together three existing but quite different data sets, data analyses, and data evaluations.

The ongoing planning exercise, "Planning for Capacity," includes a review of the curriculum, areas of concentration, methods of regional cooperation, the capacity and shape of the institution, and the role of graduate versus undergraduate

education. There is great interest in improving and rationalizing the financial administration of the University.

The ACE team sensed that a vibrant and creative planning process was underway at the University of the Western Cape. There is great self-confidence about the future of the University as one of the intellectual and educational leaders in South Africa. There is also a healthy realization of limits and, in that context, of the needs of the University.

The University has identified a number of consulting needs in management and planning, including financial management and planning, academic program review, and using data analysis in support of strategic planning. In order to assess the most useful strategic interventions, the ACE project director will work with the Vice Chancellor and his staff early in the project to narrow the choices. There are plans for two consulting visits by the senior consultant during the first year and an additional visit during the second year. Each of the visits by the senior consultant will be two weeks in duration.

The highest priority for the University of the Western Cape is support for an additional staff person who is experienced in data analysis and evaluation in higher education. Depending on the level of training, this person's expertise might be enhanced by additional training in South Africa provided by an ACE consultant. Either the senior consultant or other consultants will advise the data analyst on planning strategies, data analysis, and planning management.

B. The American Council on Education (ACE)

ACE, a U.S.-based membership association of 1,600 colleges and universities and 200 associations, is the umbrella organization for postsecondary education in the United States. ACE's members include a broad representation of colleges and universities, including research universities, comprehensive institutions, liberal arts colleges, and two-year institutions. Its members also include 117 historically black colleges and universities.

ACE is a national leader in promoting equity and affirmative action in U.S. higher education. Through publications, conferences, and studies, the Council has drawn national attention to the need to create a more pluralistic and equitable system of higher education. ACE has been at the forefront of identifying issues, leading advocacy efforts, and identifying minority leadership talent throughout the country. In selecting consultants and planning other project-related activities, project staff will work closely with the ACE Office of Minorities in Higher Education and the Office of Women in Higher Education, as well as with the ACE Fellows Program, and other programs within ACE that have been most active in implementing this vital agenda.

Overall supervision of the project will be provided by Dr. Madeleine F. Green, Vice President for International Initiatives of ACE. Dr. Green has been at ACE since 1978. Her responsibilities include international initiatives and leadership development activities for college and university presidents, senior administrators, and department chairs. She has directed the ACE Fellows Program, written extensively on academic leadership and management, and recently served as interim president of Mount Vernon College. The day-to-day operation of the program will be directed by Dr. Fred M. Hayward, who has more than 12 years of university administrative experience as a department chair, associate dean, and dean, as well as 25 years of experience with Africa and African higher education. He has been a consultant to ACE on international initiatives for the past two years.

ACE's coordination of this project will provide coherence and an overall strategy that the institutions could not achieve individually. A great deal of time will be devoted to selecting consultants, briefing participants, and maintaining continuous contact with participants at the three HBUs. In addition, the Project Director will review and identify useful statistical packages, coordinate and assist with workshops, and help to maintain the forward momentum of each campus project. The Director will review consultants' reports, making adjustments or working on problem areas as warranted. ACE's experience in the project planning process, and in recent discussions with the vice chancellors at all three of the institutions during a March 1993 visit to South Africa, demonstrates that a good deal of time and thought will be directed to suggesting planning strategies, gathering useful resource material, and responding to special needs including reviewing progress reports, discussing approaches to difficult problems as they occur, and helping develop new strategies as various issues arise.

Support to this activity addresses USAID/SA's second strategic objective, that of helping to establish a more equitable and effective education system, and two of its program targets: (1) develop, evaluate and disseminate new and innovative approaches to education and (2) strengthen education institutions to enable them to meet demands placed on a new non-racial education system.

III. PROBLEM

After a history of discrimination and several decades of apartheid education in South Africa, severe inequalities have resulted between white and black communities. While the present time witnesses the infancy of apartheid's dismantlement, decision-makers and experts agree that among the sectors needing the most immediate reform is education.

Within the education sector, needs at the tertiary level are significant, particularly within the historically black universities (HBUs). These bodies, which currently educate

the majority of South Africa's black population, have what may be the greatest absorptive capacity within the sector, and are nevertheless in the greatest need of assistance in order to realize that capacity. Since their inception, HBUs have been systematically, i.e., statutorily, disenfranchised in every aspect. Their access to capital improvements, to adequate administrative and planning structures, to faculty improvement and expansion, and to functional library facilities, among other areas, has been thwarted.

Higher education in the HBUs in South Africa has been under siege and continues to be so. The presence of troops on some campuses throughout the last decade (as well as continued violence), the high level of political activity among students, and the pressure of the sheer overload of student numbers have provided precious little time to consider the future. The present has been all-consuming. At a number of HBUs, however, progressive new leadership recognizes that the future will have to be different and that a transition to a new government will bring a different configuration of higher education and an altered future for individual institutions. With new leadership, many of the HBUs are taking charge of their future. Developing the capacity for planning and management is crucial at this juncture.

The strategic planning that will be a product of this project represents a vital step for the selected HBUs as they participate in the process of reconstructing higher education in South Africa. Strategic planning is a prerequisite to improving the quality of each institution, rethinking and rationalizing the curriculum, and democratizing the structures of higher education. Although there are already important processes underway to review the whole structure of higher education in South Africa, each institution must prepare for its own future. Unless it does so, it will be very difficult for it to play a meaningful role in the transformation of the higher education system as a whole.

The three HBUs targeted for this effort are among the prime candidates for change among the HBUs in South Africa and must be at the forefront of change. In the context in which they find themselves, both as a consequence of apartheid and because of other tremendous strains and pressures that confront them, the HBUs must obtain outside assistance that will enable them to take full advantage of the changes now underway and the new resources which are likely to be available to those who can make the case for them.

The whole process of strategic planning in South Africa takes place in the context of a massive ongoing political transition. It is impossible to know precisely how that process will impact on these institutions, but having their strategic planning process underway will position them to respond in a thoughtful manner to national changes as they occur. This process also occurs in the context of a number of

reports and recommendations about the structure of higher education in South Africa.

As noted earlier, the selected HBUs are at the forefront of efforts to create a non-racial South Africa and are bearing the major burden of educating those who were deprived or excluded under apartheid. Without assistance in developing their plans for the future, they will have difficulty meeting the nation's development needs, allocating scarce resources efficiently, and helping the majority population realize their aspirations.

Strategic planning alone is not expected to solve all the problems of the HBUs or of higher education in South Africa. It will, however, provide an important base from which to build for future success. Careful academic and strategic planning are essential to establishing a viable outline for the future. They will provide the basis for an examination of university goals, societal needs, and institutional capacity. In the context of the needs resulting from both the political transition currently underway and the requirements of a just, equitable system of higher education, such an effort is critical to success.

IV. PURPOSE

The purpose of the Agreement is to provide a mechanism, i.e. a strategic planning capacity, for the vice chancellors and senior administrators, in consultation with faculty, staff, and students at three South African HBU's (the University of the North, the University of Durban-Westville, and the University of the Western Cape) to effectively and efficiently plan for their futures. By laying out methods, procedures, and processes, this project will provide the base for an ongoing process of creative planning for a new vision and a new future for higher education in South Africa. The Agreement provides funding for: consulting assistance involving senior university administrators and planners; the purchase of computers for each institution and the adaptation of appropriate software as needed; workshops on program review and planning; and the identification of additional personnel to conduct institutional research in support of the planning process at each institution.

V. PROGRAM DESCRIPTION

A. Goals

The overall goal of this two-year Agreement is the development of a continuous planning process on the campuses of selected HBUs (the University of the North, the University of Durban-Westville, and the University of the Western Cape) and the application of modern management techniques to the operations of the university over the long term. A number of elements are involved in building and institutionalizing a planning process at these universities including:

- Assisting the vice chancellors in honing their skills in strategic planning by providing them with expert advice and opportunities to engage with one another as well as with individuals experienced with the planning process.
- Reinforcing on campus a "culture of planning" by providing opportunities for faculty and staff to learn about planning and to engage in it.
- Providing faculty and staff with the technical know-how to engage successfully in the planning process, including an understanding of the methods, the uses of data in planning, and strategies for program review.

B. Implementation Plan

Collectively, the activities conducted under the Agreement will assist the HBUs in (1) strengthening their capacity to conduct strategic planning and (2) improving their leadership and management. Specific activities designed to assist the three HBUs in their planning and management efforts include a number of common elements as outlined below:

1. Consultants. As these institutions develop a plan for a different future, advice from experienced administrators will be extremely helpful. Although the three institutions are at different phases of the planning process, each of the vice chancellors consulted by ACE expressed the need for assistance in the process.

The selection of American consultants used throughout the project by ACE will be carried out with great care. It is essential that consultants not only be experts in their field and effective workshop presenters, but that they are sensitive both to the environment in which they will work and to the background of South African higher education. While ACE will brief consultants before their visits, some level of prior understanding is essential. The ACE Project Director will consult extensively with the vice chancellors during the selection process, ensuring that the match of the consultant's experience and style and the institutions' requirements is a good one.

a. Senior Planning Consultant: The ability to provide high-quality consultants for the HBUs is of vital importance to the success of their planning efforts and is viewed as a vital link to improving the conditions of black students, faculty, and staff. A senior consultant with responsibilities for providing assistance with the process and for serving as an advisor to the vice chancellors at each of the HBUs on strategic issues will be identified. This individual will have broad senior administrative experience as a college or university president, chancellor, vice president, or as a dean of a major institutional unit.

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The senior consultant will work closely with the vice chancellor and his senior staff at each institution and will serve as a senior advisor for the entire planning process. This individual, working with the project director, will also help identify specific additional consulting expertise needed by the institutions, which ACE would then facilitate, in consultation with the vice chancellor.

The U.S. consultant will be drawn from a diverse pool of successful administrators who have had the kind of senior-level experience that will enable them to advise on an institution-wide basis, and who will have the credibility required to help move the process forward quickly. This individual will be a former president, vice president, dean, or individual currently occupying these administrative posts with sufficient flexibility in his/her schedule to support undertaking such an assignment.

The senior planning consultant will have stays of varying lengths on each campus. He or she will devote an average of 30 days consulting with each of the target institutions during the first year, and will be in regular contact with the vice chancellors and other senior officials involved in the planning effort during the course of the two-year program. This will facilitate a continuing relationship with the vice chancellors and help develop a highly focused understanding of each institution. Visits by the senior consultant will be scheduled at least twice during the first year and, in most cases, at least once during the final six months of the project. This will allow the consultant to spend a concentrated period of time with each vice chancellor (ideally at a time of his or her choosing) so that the period together can be as productive as possible. This intensive consultation will be followed by discussion, evaluation, and recommendation planning that responds to the observations and recommendations of the consultant (which will be communicated formally in writing after each visit). The second and third visits will build on work that emerges from the first consultation, and will be carefully timed to ensure that adequate follow-up has taken place and preparation for the next phase has begun.

In brief, the functions of the senior consultant will be as follows:

- 1) To advise the vice chancellors and planning staff on a variety of issues related to strategic planning and management.

- 2) To work individually with key faculty and staff who are involved in the planning process to enhance their understanding of their roles and responsibilities, and to advise them on issues such as data collection, analysis, refining the planning process, establishing benchmarks, timetables, and implementation and evaluation strategies for plans developed.

3) To work closely with the person(s) providing staff support for the planning effort to ensure that the necessary preparation and follow-through are accomplished. This will be key to maximizing the use of the consultant during the campus visit and to ensuring smooth continued operations of the planning group(s).

4) To conduct workshops with faculty and staff on strategic planning.

5) Between visits to campus, to maintain contact by phone and by fax with the vice chancellors and the key staff persons in the planning process to monitor the process and to provide advice and information as necessary.

6) To maintain contact with the ACE Project Director to identify needed resources, information, publications, and experts who can be of help in the planning effort.

7) To advise the Project Director on needs and adjustments required in the total project.

8) To stage workshops in an area of his/her planning specialty at each institution during one of the consulting visits.

9) To prepare a brief written report following each visit, incorporating observations, recommendations for future action, specific steps to be taken in the planning process and plans for the next visit.

b. Other Consultants: Each of the participating institutions has identified a variety of needs for more specialized consulting assistance. (These consulting activities are reflected in the budget section "General Consulting Activities.") In addition, as the project progresses and the senior consultant and ACE Project Director work more closely with the campus leadership, additional consulting needs which were not foreseen at the beginning of the project may be identified. Special consulting needs that already have been identified for each of the HBUs, coupled with additional needs that appear as the program progresses, will be met using American and South African consultants who can provide special expertise in these areas. These "specialized" consultants will visit several campuses, thus making cost-effective use of their time. Where possible, they will work closely with the senior consultant. Their selection and the timing of their visits will be coordinated by the project director, in consultation with USAID/SA.

ACE plans to take advantage of the talents of several South African consultants who have specialized knowledge of specific planning efforts now underway in South Africa which impact on strategic planning (e.g. the National Education Policy Investigation reports, the Committee of University Principals review, Union of Democratic University Staff Associations

policy projects) and bring special experience which can be used to enhance the quality and outputs of the project. They will also be able to assist the Project Director in providing briefing material and in ensuring awareness of the changing environment.

c. Computer Consultation: The participating institutions have identified data collection and analysis as a high priority for facilitating the planning process. Thus, included in this project are funds to purchase computers for each institution and to obtain and adapt appropriate software as needed. The ACE Project Director is in the process of identifying software packages available in the United States, and computer consultants in South Africa who can adapt the software to meet various institutional needs will be identified. The computer consultant will also be available to assist institutions to train personnel, ensure effective software training, and provide follow-up where needed.

2. Direct Assistance to Each University. Some institutions have major needs for additional personnel to conduct institutional research in support of the planning process, such as gathering and analyzing the data that will be the basis of decision making. In those cases, the budgets reflect a request for start-up funds to support an individual for one or two years.

Other forms of direct assistance include computer equipment and software; office expenses; phone and fax expenses; meeting expenses; and funds for the vice chancellor and/or staff members to travel to other campuses to confer about their planning and management processes. At least one gathering a year with the participating vice chancellors, consultants, and ACE project staff is planned to enable the vice chancellors to share information and to plan collaboratively.

3. Workshops on Program Review and Planning. All the vice chancellors visited by ACE representatives, as well as the faculty and staff with whom they talked, expressed a strong desire to have faculty and staff development workshops in South Africa. South Africa's recent isolation and the lack of opportunity for staff development at HBUs make these workshops an important avenue for strengthening the skills of faculty and staff and for helping the institution develop. For an institution to be effective, a strong leadership team must be supported by knowledgeable faculty and staff who can collaborate effectively in decision making, resource allocation, and program development.

Central to the quality of any institution is the quality of its academic programs. The HBUs will not be able to move forward without the active engagement of faculty in strategic planning for the academic programs. These efforts include program assessment, reviewing current and needed course offerings, and enabling faculty to participate fully in the change process. Thus, an academic planning workshop for

faculty will be central to the success of the overall institutional planning effort. Such a workshop might cover the following topics: the strategic planning process, establishing effective program review, criteria for program evaluation, and settling departmental priorities. Faculty members have suggested a variety of other planning topics including quality assessment, grant proposal writing, and fundraising. It is envisioned that a two-day workshop would be held on each of the three campuses at least once each year, designed by the Project Director in collaboration with local planning experts. Most of the workshops will be conducted by a two-person team of experts. In addition, several one-day workshops will be conducted by the Senior Planning Consultant, and there will be additional workshops conducted by ACE senior staff and other consultants. The ACE Project Director, through consultation with the senior consultant on campus and the vice chancellors, will ensure that workshops mesh with other efforts underway on campus.

If during the course of the project, ACE finds that the priorities for institutional workshops change, they will adjust their focuses accordingly.

4. Benchmarks and Products. Early in the project, each institution which has not already done so, will establish a two-year timetable that includes clearly defined goals, benchmarks, and progress reports. Strategic planning is viewed as an ongoing process with a series of stages reflecting both the current situation and plans for the future. The ultimate goal is a product that represents the aspirations, resources, and needs of the institution and the society, and is set in a framework which allows for continuous adjustment and modification. In that sense, there is no final product. Nonetheless, at the present time the participating institutions do not have a clearly articulated or costed plan which can serve as the starting point for change. This project is designed to help produce that product, and along the way a series of reports, set of goals, and mission statements which reflect an ongoing and creative process.

Although each of the three HBUs participating is at a different stage in the development of its planning process, there are certain steps, benchmarks and products which will be common to all. Listed below are some of the major stages in the strategic planning process, with target dates noted for some of the more crucial items. Some institutions will reach these benchmarks earlier than others because aspects of the planning process are currently underway.

a. The first targets focus on steps which must be taken before institutional funding is released or prior to the initial consultant visit.

1) Within 60 days of the start of the project each institution which has not already done so, will provide the ACE project director and USAID with basic descriptive material

about the university, its staff, students, and curriculum; names and titles of senior administrators and members of its planning committee(s); and copies of any mission statements or planning material already prepared.

2) Within 90 days the Project Director and each of the vice chancellors will have worked out a list of strategic planning goals and a written plan of work for the next six months, focusing primarily on the areas in which the senior consultant will provide expertise and guidance.

3) Within 30 days of receipt of an agreed upon work plan, ACE in consultation with USAID will provide the vice chancellors (or designees) with a list of two or three American senior consultants felt most appropriate for their needs. Material on each of the potential senior consultants will be forwarded to the vice chancellors along with comments about the choices. The Project Director will work closely with the vice chancellors during the selection process, and the final decision will reflect their input.

4) The vice chancellors and Project Director will work out the timing of the visit (after discussions about availability with the consultant selected). Once there is agreement about the agenda for the initial consultation, and arrangements have been made for logistics (accommodations, transportation, office space, and assistance), ACE in consultation with USAID will schedule the visit.

5) As soon as the preceding arrangements have been made, discussions can be undertaken to release budgeted institutional support. Where that involves staffing, funds will be released at periodic intervals (probably three times a year) after positions have been advertised and filled. Other support will be released over the grant period as expenditures are made or when appropriate.

b. Once the initial steps have been taken to start the project, there are a number of issues and questions which will be addressed by each participating HBU. These include:

1) Setting up mechanisms to inform the university community (and other interested parties) about the planning process and encouraging broad participation in it.

2) Discussion, preparation and/or revision of the university mission statement.

3) Discussion of the primary goals and objectives of the planning exercise.

4) A clear articulation of the institutional vision for the future and strategies for fulfilling that vision.

5) The establishment of a timetable and benchmarks for planning and implementing the process.

6) Establishment of a planning committee (if it does not already exist) and mechanisms to ensure that there is institution-wide participation in strategic planning by administrators, staff, and students.

7) Preparation of a data base for planning and a continuing capacity for data analysis. This includes data on curriculum, enrollment, student-staff ratios by program, graduation rates by field, expense data by type, revenue by source, and placement data (if available). Analysis of this data will be facilitated by the purchase of computers and the utilization or modification of existing planning software provided as part of this project.

8) A review of the institution's strategic advantages and its major problem areas.

9) A review of existing financial resources and an assessment of the needs and prospects for additional funding to achieve institutional goals.

10) A review of both the national and local environment in which the university operates and its impact on the plan.

The senior consultant will work with the vice chancellors and the planning committee(s) to help facilitate these tasks, as will the Project Director to the extent possible. While all of the universities have embarked on some of these planning tasks, it is clear that some will require more time than others to complete them. Nonetheless, it is expected that all of the participating universities will have written statements and timetables in each of these areas within six to nine months after the project is funded.

During this period, the Project Director will work with the vice chancellors, the senior consultant, and other university personnel to define priorities for other consulting assistance and to identify the highest priority topics for workshops. The activities will be scheduled to enhance and accelerate the overall strategic planning process.

Each institution is expected to have established a planning process and clearly articulated a draft plan as well as a new or revised mission statement by the end of the first year. By that time, each institution is also expected to have begun the process of reviewing its academic programs, its curriculum, and its basic planning structure as part of the planning process.

For the institutions that have already made significant progress in planning at the start of the project, the second year will involve a detailed articulation of each institution's strategic plan, careful calculations of the costs and benefits of each item in the plan, and the development of both a priority list and a strategy for implementation. The results of this detailed review, coupled

with the findings of reviews of academic programs, curriculum, and national needs, will result in revisions to the original plan. Other institutions, who have spent the first year devising and setting up a planning process, will be working during the second year to elaborate and cost out their draft plans.

ACE will ensure that each of the participating 3 universities will have a clear and well articulated plan within 18 months of the beginning of the project, although several institutions now in the very early stages of the process, will take longer. Indeed, for some institutions, the establishment of a planning model and the development of a plan will be a major outcome. Each plan will be reviewed fully within the university community and support will be sought especially for those changes which may be controversial or painful to some members of the university community. Each institution will be encouraged to seek comments and input from the broader community; at some of the HBUs this tradition is already well established.

The final stage of strategic planning is implementation. the last six months of the project will be devoted to developing support for the plan, identifying funding strategies for high priority items, and establishing continuing mechanisms for both planning and resource development. ACE will work to make the strategic planning process a continuing one, so that the conclusion of this project is but one stage in an ongoing process.

5. Summary of ACE Activities

- * Identify U.S. consultants from a broad network of leaders and experts in higher education, interview and select them in consultation with the vice chancellors, and prepare them to understand and work in the environment of South African HBUs.
- * Provide direct consulting to the three HBUs in areas within their own expertise: management, leadership, staff development, organizational development, and planning.
- * Maintain contact with the U.S. consultants and the vice chancellors to monitor the progress of the planning efforts and the project.
- * Provide ongoing counsel to the HBUs about new opportunities and information that relates to their strategic planning needs during the course of the project.
- * Keep in regular contact with the vice chancellors and other campus leaders during the course of the project and be available for discussions about new needs, priorities, and problems that may occur during the project.

* Meet annually with the vice chancellors to discuss planning issues at both the institutional and the systemic levels. This meeting will provide a structured opportunity for the vice chancellors to exchange views, develop their shared interests, and work on a common agenda.

* Consult on a regular basis with USAID/SA on the development process of the three universities and consult with and inform USAID/SA on progress toward objectives.

VI. DETAILED ILLUSTRATIVE FINANCIAL PLAN

The following Detailed Illustrative Financial Plan is provided in support of the Agreement Financial Plan found in Attachment 1., Section IV, A. which is the binding financial plan for purposes of the Agreement. All figures represent United States Dollars.

AID-2-Budget Summary

	<i>Year 1</i>	<i>Year 2</i>	<i>Total</i>
Preparation and Coordination	—	—	—
University of the North	\$64,343	\$68,745	\$133,088
University of the Western Cape	\$82,840	\$68,798	\$151,638
University of Fort Hare	\$0	\$0	\$0
University of Transkei	\$0	\$0	\$0
Univ. of Durban-Westville	\$82,779	\$68,776	\$151,555
Workshops	\$29,878	\$31,115	\$60,993
General Consulting	\$102,151	\$86,127	\$188,278
Program Administration	\$27,899	\$174,099	\$201,998
Total	\$389,890	\$497,660	\$887,550

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	Year 1	Year 2	Total-2 Yrs.
Consulting assistance			
Consultant fees Year 1: 35 days x \$320; Year 2: 23 days	\$11,520	\$7,360	
Travel			
International: Year 1: 2 trips, Year 2: 1 trip per year x \$5555/\$5625	\$11,110	\$5,825	
Local Travel in South Africa Year 1: 1 trip @ \$325; 1 trip @ \$925; Yr. 2 1 trip @ \$325	\$1,150	\$325	
Per Diem Year 1: 35 days x \$160; Year 2: 20 days x \$170	\$5,600	\$3,400	
Supplies, communications for consultants	\$1,800	\$1,300	
Emergency Medical and other misc. expenses	\$500	\$500	
Subtotal	\$31,650	\$18,710	
ACE Indirect fee @ .219	\$6,938	\$4,097	
Total Consulting	\$38,518	\$22,807	\$61,425

	Year 1	Year 2	Total-2 Yrs.
Institutional Support for Planning Initiatives			
Planning officer (salary and fringe benefits). Year 1: 50% time; Year 2: 1 full-time	\$17,500	\$36,750	
Communications (phone, fax)	\$2,500	\$2,500	
Travel for vice chancellor and meeting costs	\$1,500	\$1,500	
Supplies and office expenses	\$3,000	\$3,000	
Subtotal	\$24,500	\$43,750	
ACE subcontract fee 5%	\$1,225	\$2,168	
Total Institutional Support	\$25,725	\$45,938	\$71,663
AID Total	\$64,343	\$68,745	\$133,088

AID-2-Univ. of Western Cape

	Year 1	Year 2	Total-2 Yrs.
Consulting assistance			
Consultant fees			
Year 1: 36 days @ \$320; Year 2: 23 days @ \$320	\$11,520	\$7,360	
International Travel			
Year 1: 2 trips x \$5,555			
Year 2: 1 trip x \$5,825	\$11,110	\$5,825	
Local Travel In South Africa			
Year 1: 2 trips @ \$350 ; 1 workshop trip at \$550			
Year 2: 1 trip @ \$368	\$1,250	\$368	
Per Diem			
Year 1: 35 days x \$160			
Year 2: 20 days @ \$170	\$5,600	\$3,400	
Supplies, communications for consultants	\$1,800	\$1,300	
Emergency Medical and other misc. expenses	\$500	\$500	
Subtotal	\$31,780	\$18,753	
ACE Indirect Fee @ .219	\$6,960	\$4,107	
Total Consulting	\$38,740	\$22,660	\$61,600
Institutional Support for Planning Initiative			
Data Analyst (salary and fringe benefits) @ 100%	\$35,000	\$36,750	
Communication (phone, fax)	\$2,500	\$2,500	
Travel for vice chancellor, meeting costs	\$1,500	\$1,500	
Supplies and office expenses	\$3,000	\$3,000	
Subtotal Institutional Support	\$42,000	\$43,750	
ACE Subcontract Fee @ .05	\$2,100	\$2,188	
Total Total Institutional Support	\$44,100	\$45,938	\$90,038
Grand Total AID	\$82,840	\$68,798	\$151,638

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	Year 1	Year 2	Total-2 Yrs.
Consulting assistance			
Consultant fees			
Year 2: 23 days @ \$320	\$11,520	\$7,360	
International Travel			
Year 2: 1 trip @ \$5,825	\$11,110	\$5,825	
Local Travel in South Africa			
Year 2: 1 trip @ \$ 350	\$1,200	\$350	
Per Diem			
Year 2: 20 days x \$170	\$5,600	\$3,400	
Supplies, communications for consultants	\$1,800	\$1,300	
Health Insurance and other misc. expenses	\$500	\$500	
Subtotal	\$31,730	\$18,735	
ACE Indirect fee @ .219	\$6,949	\$4,103	
Total Consulting	\$38,679	\$22,838	\$61,517
	Year 1	Year 2	Total-2 Yrs.
Institutional Support for Planning Initiatives			
Data Analyst (salary and fringe benefits) @ 100%	\$35,000	\$36,750	
Communications (phone, fax)	\$2,500	\$2,500	
Travel for vice chancellor and meeting costs	\$1,500	\$1,500	
Supplies and office expenses	\$3,000	\$3,000	
Subtotal Institutional Support	\$42,000	\$43,750	
ACE Subcontract fee @ .05	\$2,100	\$2,168	
Total Institutional Support	\$44,100	\$45,918	\$90,018
Grand Total	\$82,779	\$68,756	\$151,535

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AID-2-Workshops

	<i>Year 1</i>	<i>Year 2</i>	<i>Total-2 Yrs.</i>
Honoraria			
2 persons x \$2,000	\$4,000	\$4,000	
Travel			
International			
Year 1: 2 pers. x \$5,555			
Year 2: 2 pers. x \$5,625	\$11,110	\$11,650	
Local Travel			
Year 1: @\$1,500			
Year 2: @ \$1,575	\$1,500	\$1,575	
Per Diem			
Year 1: 2 pers. x \$160 x 20 days	\$6,400	\$6,800	
Year 2: 2 x \$170 x 20 days			
Communications, supplies	\$1,500	\$1,500	
Subtotal	\$24,510	\$25,525	
ACE Indirect Fee @ .219	\$5,368	\$5,590	
TOTAL	\$29,878	\$31,115	\$60,993

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AID-2-Consulting Assist.

	Year 1	Year 2	Total-2 Years
Consulting Fees			
Years 1 & 2: 2 U.S. specialized consults., 20 days @ \$320	\$12,800	\$12,800	
S. African consultants, 15 days @ \$320	\$4,800	\$4,800	
International Travel			
Staff: Year 1: 3 trips x \$5,200 (from D.C.) Year 2: 2 trips x \$5,460 (from D.C.)	\$15,600	\$10,920	
Specialized Consultants: Year 1: 1 trip X 2 x \$5555 Year 2: 1 trip x 2 @ \$5825 (from misc. U's)	\$11,110	\$11,650	
Local travel in South Africa			
Year 1: 5 trips x \$800 Year 2: 4 trips x \$840	\$4,000	\$3,360	
South African consultants	\$1,000	\$1,000	
Staff car rental; Yr. 1: 30 days @ \$75; Yr. 2: 20 days @ \$75	\$2,250	\$1,500	
Other local travel,	\$1,800	\$1,800	
Domestic Travel			
Staff: Year 1: 4 trips x \$555. Year 2: 2 trips x \$575	\$2,200	\$1,150	
Briefings: Year 1: 7 trips x \$555. Year 2: 4 trips x \$575 (all consulting)	\$3,885	\$2,300	
Per Diem			
South Africa (consultants & staff) Year 1: 105 days x \$160; Year 2: 85 days x \$170	\$16,800	\$14,450	
U.S. Staff: Year 1: 20 days @ \$166; Year 2: 10 days x \$172	\$3,320	\$1,720	
Briefings, D.C. : Year 1: 14 days x \$181; Year 2: 8 days @ \$168 (all consulting)	\$2,534	\$1,504	
Supplies, communications for consultants	\$1,200	\$1,200	
Emergency Medical and misc. expenses	\$500	\$500	
Subtotal	\$83,799	\$70,654	
ACE Indirect Fee @ .219	\$18,352	\$15,473	
TOTAL	\$102,151	\$86,127	\$188,278

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AID-2-Program Administration

	Year 1	Year 2	Total-2 Yrs.
Salaries and general expenses			
Dr. Madeleine Green, Vice President, ACE, Year 1: @ 4%; Yr. 2: @ 6%	\$4,000	\$6,300	
Project Director, Dr. Fred Hayward, Years 1 and 2: 60%	\$0	\$58,800	
Staff Assistant: Year 1:40% time (11 mo.) Year 2: 60%	\$9,900	\$17,101	
Benefits @ 29.5% of salaries	\$4,240	\$24,249	
Rent @ 13.5% of salaries	\$1,599	\$11,097	
Telephone equip. @ 2% of salaries	\$348	\$1,644	
Computers (2) and printer rental	\$800	\$7,600	
Long distance (tel. and fax)	\$0	\$2,500	
Photocopy	\$1,000	\$2,000	
Supplies	\$1,000	\$2,000	
Subtotal	\$22,887	\$133,491	
Travel			
International			
Staff: Year 1: 1 trip x \$5,200 (from DC) Year 2: 1 trip x \$5,460 (from DC)	\$0	\$5,460	
South Africa			
Year 1: 1 trip x \$600 by air Year 2: 1 trip x \$630 by air	\$0	\$630	
Other local travel	\$0	\$400	
Total Travel	\$0	\$6,490	
Per Diem			
International (staff)			
Year 1: 12 days x \$160 Year 2: 12 days x \$170	\$0	\$2,040	
Misc. expenses (health ins. etc.)	\$0	\$800	
Subtotal	\$22,887	\$142,821	
ACE Indirect Fee @.219	\$5,012	\$31,278	
TOTAL	\$27,899	\$174,099	\$201,998

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ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SOUTH AFRICA

DATE: July 13, 1993

FROM: William Duncan, PHRDO

SUBJECT: South Africa Support to Tertiary Education Project
(674-0309); STEP Agreement No. 674-0309-G-SS-3070-00

I. PROBLEM

Your approval is required to obligate U.S. \$389,890 of FY1993 funds under the Support to Tertiary Education Project (674-0309) through a Grant Agreement with the American Council on Education (ACE), as described herein.

II. AUTHORITY

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

III. DISCUSSION

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 USA for activities which far exceed the FY1993 STEP budget. Based on the Mission's review of these proposals, an Agreement with ACE is recommended.

ACE, a membership association of 1,600 colleges and universities and 200 associations, is the umbrella organization for post-secondary education in the United States. ACE's members include a broad representation of colleges and universities, including research universities, comprehensive institutions, liberal arts colleges, and two-year institutions. Its members also include 117 historically black colleges and universities.

ACE is a national leader in promoting equity and affirmative action in U.S. higher education. Through publications, conferences, and studies, the Council has drawn national attention to the need to create a more pluralistic and equitable system of higher education. ACE has been in the forefront of identifying issues, leading advocacy efforts, and identifying minority leadership talent throughout the USA.

The purpose of this Agreement is to provide funds to ACE to assist three historically black universities (HBUs) in South Africa which are, the University of the North, the University of Durban-Westville, and the University of the Western Cape in their development of a strategic planning capacity and to

transfer modern management techniques to the development and operations of the university over the long term. The grant will: (1) assist the vice chancellors in honing their skills in strategic planning by providing them with expert advice and opportunities to engage with one another as well as with individuals experienced with the planning process; (2) reinforce on campus a "culture of planning" by providing opportunities for faculty and staff to learn about planning and to engage in it; and (3) provide faculty and staff with the technical know-how to engage successfully in the planning process, including an understanding of the methods, the uses of data in planning, and strategies for program review.

It should be noted that ACE has received a grant from the Ford Foundation to provide similar assistance to two additional HBUs situated in the South African homelands of Transkei and Ciskei. They are: the University of Transkei and the University of Fort Hare, respectively.

The strategic planning capacity that will be a product of this Agreement represents a vital step for the selected HBUs as they participate in the process of reconstructing higher education in South Africa. Strategic planning is a prerequisite to improving the quality of each institution, rethinking and rationalizing the curriculum, and democratizing the structures of higher education. Although there are already important processes underway to review the whole structure of higher education in South Africa, each institution must prepare for its own future. Unless it does so, it will be very difficult for it to play a meaningful role in the transformation of the higher education system as a whole.

One of the legacies of apartheid is a tertiary education system which is, among other things, fragmented, under-resourced and inequitable. There are considerable disparities in facilities, resources, and equipment between the historically black and the historically white universities. HBUs as well as individuals, are subject to inequity. The HBUs have far fewer resources than their white counterparts. Their staff-student ratios are much higher. Their faculty is comparatively underqualified and only a small number undertake research or publish in leading scholarly journals. 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. The USAID Human Resources Development Division is supportive of efforts to increase the human resource capacity of black South Africans across the board and to strengthen selected education institutions and organizations. USAID currently supports new programs that fall within the following three categories: (1) institutional strengthening of historically black South African universities through U.S. educational and other institutions; (2) training for employment activities for the youth; and (3) the development of community colleges.

HRDD, through STEP, supports activities that propose potentially innovative methods of addressing the problems of and serve as pilot projects for the Mission to "test the waters" before making big investments.

The activities indicated above are consistent with the STEP Project's goal of ensuring that black South Africans are full contributors to, and participants in, the political, social, economic and intellectual life of their nation. The activities proposed in this Agreement address an area of critical need in South Africa. STEP's overall objective of human resources and leadership development for a post-apartheid South Africa is supported by USAID support of the ACE proposal to assist three HBUs in the development of a strategic planning process.

IV. ISSUES

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

A. Action Plan and Strategic Objective(s) - This proposed Agreement was discussed during the FY93 STEP Action Plan review dated February 17, 1993 and approved. This activity is consistent with HRDD's main Strategic Objective: to prepare disadvantaged South Africans to establish an equitable and effective educational system under Strategic Targets 2.1 and 2.3.: Develop, evaluate and disseminate new and innovative approaches to education, and education institutions better able to meet demands placed on a new, non-racial education system, respectively.

B. Grantee's Illustrative Budget and Cost Negotiation - HRDD conducted verbal negotiations with ACE to establish its priorities for funding. The Agreement provides funding for: consulting assistance involving senior university administrators and planners; the purchase of computers for each institution and the adaptation of appropriate software as needed; workshops on program review and planning; and the identification of additional personnel to conduct institutional research in support of the planning process at each institution. The budget and costs have been reviewed within the Mission as part of the grant approval process and have been determined to be fair, reasonable and allowable for a grant of this nature. The grant file contains sufficient support for this determination. A total of \$887,550 has been budgeted for the two-year Grant with an initial installment of \$389,890 obligated. Further obligations will be made subject to the availability of funds and satisfactory performance of the specified Grant requirements.

C. Competitive Procedures or Non competitive 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." The American Council on Education has submitted an unsolicited proposal, and it is the determination of HRDD that the activity is unique because ACE represents 1,600 colleges and universities, including HBCUs and 200 associations, and is the umbrella organization for post-secondary education in the United States. HRDD received similar proposals from single universities, but they could not match the broad outreach which the ACE proposal brought. Additionally, ACE is currently funded by the Ford Foundation to do similar work with two other HBUs, which are, the University of Transkei and the University of Fort Hare, focussing on the strategic planning capacity at the HBUs. Because this activity is consistent with USAID program objectives and is so unique, acceptance of the ACE proposal would be fair and reasonable and would represent an appropriate use of USAID funds.

D. Technical and Management Capability - It is HRDD's determination that the subject organization possesses suitable policies and practices to ensure adequate management of USAID funds provided under the Grant Agreement. This determination is based on the extensive experience of the Grantee organization with A.I.D. and other donors and activities of this kind; knowledge of and discussions with the Grantee organization; and our review of the Grantee's proposed management and administration of the Grant.

E. Financial Management Capability - ACE has, since 1991, effectively administered very large A.I.D. grants and has the systems and processes in place to ensure accurate and cost-efficient program administration and accounting. An audit of ACE which was conducted on December 9, 1992, certified that the Grantee possesses adequate accounting systems, books and records for the administration of this Agreement.

F. PVO Registration Determination - The proposed Grantee does qualify as a Private Voluntary Organization, as defined in A.I.D. Handbook 3, Appendix 4C and 88 State 356010, and was registered on August 5, 1993 at meeting of the PVO committee in AID/Washington, D.C. FAA Section 123 (g) provides that a U.S. PVO must obtain at least 20% of its total annual financial support for its international activities from sources other than the USG to be eligible to receive funding under the PVO grant program. The American Council on Education does receive the required financial support for its international activities.

G. Grantee Contribution - A Grantee contribution of not less than 25% of total grant project costs has been provided primarily on an in-kind basis. Project vehicles, computers,

office equipment, and furnishings, which are all vital to the running of the program, are being contributed by the Grantee.

H. Sustainability - The final stage of strategic planning is implementation. ACE plans to devote the last few months of the project to helping administrators at the targeted HBUs develop support for their strategic plans, identify funding strategies for high priority items, and establish mechanisms for both planning and resource development. The Grantee will work to make the strategic planning process a continuing one, so that the conclusion of the project is but one stage in an ongoing process. By laying out methods, procedures, and processes, the project will provide the base for an ongoing process of creative planning for a new vision and a new future for higher education in South Africa.

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. Recurrent Costs - Donor financing of recurrent costs, such as salaries, allows the Grantee 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.

3. Selection of a Grant as the Assistance Instrument - It is the determination of HRDD 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.

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 American Council on Education 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 16, 1993