

PD-ABL-640

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/SOUTH AFRICA



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September 24, 1993

Henry J J Jeffreys
Acting Executive Director
Funda Centre
P. O. Box 359
Orlando
1804

Subject: South Africa Support to Tertiary Education
Project; Grant Agreement with the Funda Centre;
Agreement No. 674-0309-G-SS-3092-00

Dear Mr. Jeffreys:

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 Funda Centre (hereinafter "Funda" or the "Grantee") and obligates the sum of \$400,000 to provide support for a program described in Attachment 1, entitled "Schedule," and Attachment 2, entitled "Program Description," of this Agreement.

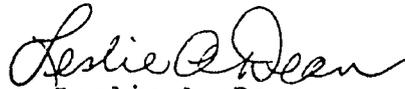
This Agreement is effective and obligation is made as of the date this letter is signed by an authorized USAID representative. The Agreement and obligation shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning on the effective date of this letter and ending September 30, 1994.

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, "Disbursement of and Accounting for Agreement Funds," Attachment 5, "A.I.D. Geographic Code 935 List," Attachment 6, "Guidelines for Financial Audits Contracted for by Foreign Recipients," and Attachment 7, "Grantee Certifications". This letter and the seven attachments just described, which have been agreed to by your organization, constitute the Agreement.

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We request that you and a member of the Board of Trustees of the Funda Centre 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: Sept 23, 1993

ACKNOWLEDGED AND ACCEPTED
Funda Centre

By: Mr. Henry J J Jefferys
Title: Director
Date: _____

By:
Title: Funda Board Chairperson
Date: _____

Attachments:

1. Schedule
2. Program Description
3. ~~Standard Provisions and Additional Provisions as~~
~~Applicable~~
4. Disbursement of and Accounting for Agreement Funds
5. A.I.D. Geographic Code 935 List
6. Guidelines for Financial Audits Contracted for by Foreign Recipients
7. Grantee Certifications (Grantee Signatures Required)

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ATTACHMENT 1
SCHEDULE

I. OVERVIEW OF AGREEMENT

The Support to Tertiary Education Project (STEP) provides funding under this Agreement to the Funda Centre, an independent, community based adult education center meeting the needs of South African adults disadvantaged by the apartheid education system. Funding through this Agreement will enable the Funda Centre to integrate all of its discrete activities into one manageable entity and facilitate the development of a community college by supporting management reorganization, curriculum development, human resource development planning and accreditation planning.

II. PERIOD OF AGREEMENT

The effective date of this Agreement is the date the cover letter is signed by an authorized USAID representative. Unless otherwise agreed to by USAID in writing, the expiration date is September 30, 1994, 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. USAID hereby obligates the amount of \$400,000 for eligible program expenditures under this Agreement.

B. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 4 "Disbursement of and Accounting for Agreement Funds."

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.

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Table 1
Financial Plan
South African Rand (SAR)

<u>Item</u>	<u>Total</u>
Compensation (salaries)	214,000
Consultants	635,000
Program Materials	20,000
Capital Expenditure	66,000
Higher Education Planners	100,000
Predetermined Overhead	45,000
Audit	15,000
Evaluation	<u>25,000</u>
Total	1,120,000

B. Level of Assistance

The total Rand amount in the Financial Plan (Table 1) above is the maximum Rand amount available under this Agreement. The conversion rate from U.S. Dollars will be the prevailing rate at the time of conversion as determined by the Controller, USAID/South Africa. To determine the U.S. Dollar amount of disbursements to the Grantee under the Agreement, an exchange rate of R2.8 to one (1) U.S. Dollar will be used. Notwithstanding the above, in no event will the total Rand amount provided to the Grantee under the Agreement exceed the obligated Dollar amount provided for in Section III. A., above.

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

V. REPORTING

The Grantee will submit to USAID, in a timely manner, written, semi-annual progress reports on activities funded and general performance under the Agreement. The content of the semi-annual reports will be mutually agreed upon by the Parties 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 will also submit, in a timely manner, and in a format to be mutually agreed upon by the Parties, a written final report on all activities financed by the Agreement.

VI. PREDETERMINED OVERHEAD

A predetermined overhead rate of 4% of all direct costs applies to this Agreement to support Funda Center's programs.

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 18, entitled "Title to and Use of Property."

VIII. AUTHORIZED GEOGRAPHIC CODE

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

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B. Competition

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

C. Staff Recruitment

The 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.

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.

F. Condition Precedent

Before disbursement of funds under the Curriculum Consultant, Human Resource Development Planning or Accreditation line items of the Detailed Illustrative Financial Plan in Attachment 2, Section VI, the Funda Centre shall submit to USAID, in form and substance satisfactory to USAID, an action plan which shall include a schedule of activities for the curriculum development and the specific number of, a detailed scope of work and curriculum vitae for, human resources development planning and accreditation planning consultants.

X. STANDARD PROVISIONS

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

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ATTACHMENT 2
PROGRAM DESCRIPTION

I. OVERVIEW OF AGREEMENT

The Support to Tertiary Education Project (STEP) provides funding under this Agreement to the Funda Centre, an independent, community based adult education center meeting the needs of South African adults disadvantaged by the apartheid education system. Funding through this Agreement will enable the Funda Centre to integrate all of its discrete activities into one manageable entity and facilitate the development of a community college by supporting management reorganization, curriculum development, human resource development planning and accreditation planning.

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.

B. The Funda Centre

The Funda Centre is an education and community centre located in Orlando, Soweto. This institution has provided non-formal educational opportunities to the citizens of Soweto for more than eight years. Funda was opened in 1983 through contributions from the Urban Foundation, the former Federal Republic of Germany and numerous private businesses such as

Kodak, IBM, Colgate, AECI Chemicals, USAID and several others. Funda evolved out of the 1976 riots and has well-established physical facilities to accommodate its present educational programs.

Current Funda-based activities include teacher in-service training mainly in English, science and mathematics, the training of education workers and distance learning of adults in academic and professional disciplines. Activities are operated and funded by independent organizations or users. Currently, Funda has 12 users directly servicing more than 3,000 people.

The users' activities attempt to provide black South Africans with a means of expression as well as training in areas traditionally neglected in the formal education system. The users are based in Soweto at the Funda Centre. Examples of the users or programs at Funda are the Community Development Projects Association (CDPA) and The Teachers' English Language Improvement Project (TELIP). CDPA is an educational agency which operates in the arena of non-formal education, specifically to provide training in basic business and management skills as well as technical skills to those who wish to establish successful enterprises. TELIP is an intermediate level non-formal English language development program targeted mainly at pre- and primary school teachers. TELIP courses are certified by the University of the Witwatersrand.

Except for two of the twelve groups, all of the member organizations are black-led and all of the groups have either predominantly or exclusively black staff. Funda's Board of Directors is predominantly black and has 45% of its membership representing the independent organizations operating at the Funda Centre and the remaining 55% representing Funda Centre's surrounding community.

III. PROBLEM

Apart from the political and economic disadvantages caused to black South Africans, the apartheid system has alienated black South Africans from fair and equal educational opportunities. Bantu education under the apartheid system has left large numbers of black adult South Africans without any formal education and therefore with limited or no skills to effectively participate in the economy.

Recent studies have shown that 1.7 million black children are currently not enrolled in school. An additional 1.7 million students have dropped out of school over the last decade. Further, to these figures can be added approximately 600,000 black people who have never been formally schooled, bringing the estimated number of South Africans who have not benefited from the schooling system to almost 4 million.

The Bureau for Economic Research at Stellenbosch University

projects a deficit of 545,000 skilled and a surplus of 2,763 million unskilled manpower by the year 2000. The Education foundation further states that less than 54 percent of South Africa's adult population is functionally literate, while more than 7 million out of a work force of 11 million have no secondary education.

A recent study in Natal on access to tertiary institutions has shown that less than 20 percent of black pupils make it through high school. Of this figure, only 25 percent secure places in tertiary institutions; the remainder are refused places and therefore return to their communities without the appropriate skills for employment.

IV. PURPOSE

This Grant will support steps to be undertaken by Funda Centre to begin the transformation and assist in the development into a community college. Specifically, the funds will pay the salaries of the principal, Coordinator of the Funda community college and financial manager, curriculum development consultants, higher education planners, a human resource development planning consultant, an accreditation planning consultant and resource materials for the consultants.

V. PROGRAM DESCRIPTION

The Funda Centre's activities which will be funded by this Grant are those which will support Funda Centre's transformation into a community college. The description below outlines in detail the program components to be funded and gives an implementation plan for the prospective activities. The activities will ultimately lead into and support the center's transformation. The transitional phase is comprised of five main activities of which are described below.

Program Activities

A. Principal Support

Under this Grant, USAID will support the appointment of a new Principal for the transformed Funda community college. The Funda Board of Directors will appoint a Principal to manage the transformation and establish and operate the college. General responsibilities include executing and overseeing the projects funded under this Grant and overseeing operations and daily management of the Funda community college. The Principal will provide leadership and guidance for the overall development of the college and its maintenance as a partner in the community's efforts to facilitate sound programs of education. Specific responsibilities include devising and implementing the accreditation planning activities and working closely with the accreditation planning consultant. The Principal provides information to the community college board concerning needs of the institution and recommends the

development of certain policies for the college's operation.

B. Curriculum Development

Agreement funds will support curriculum development for the transformation process. Funda will secure the services of curriculum consultants specialized in community college curriculum development and will appoint Funda higher education planners. The curriculum consultants and the Funda Centre higher education planners will collaborate in doing the following: compile an inventory of curriculum resources within the existing Funda structure, review the status of the existing Funda program structure with the view of making specific recommendations relating to the future of the community college, to conduct a comparative study of curriculum policy and practice in established community colleges, both nationally and abroad, with the perspective of informing and clarifying curriculum policy options for the Funda community college and the drafting of a Funda community college curriculum master plan. Observation of and inquiry into community college curriculum planning methods and structure will be done by the Funda higher education planners nationally and abroad. They will acquire information, materials and an overall picture of community college curriculum development in already established and operating colleges. The Funda Coordinator will be charged with coordinating the curriculum development activities and facilitating the communication between parties involved in curriculum development. The Coordinator will be responsible to and work in conjunction with the Principal.

C. Human Resource Development Planning

The Grant Agreement will support human resource development for the planning of training and development of Funda staff and faculty who will be carried over into the newly transformed community college. Funda will secure the services of consultants who specialize in human resource development to assist the Funda Centre in designing a plan for the training and development of Funda staff. The consultant will conduct a needs assessment of skills required for the community college. The consultant will develop an outline of the number and type of faculty and staff needed at the community college. The plan, which will be developed in collaboration with Funda staff, and will also outline specific training necessary for those assuming the subject staff and faculty positions under the new structure. The plan will specify the stages of the transformation at which training (an implementation schedule) and development will occur and the mechanism which will be used to train and develop the Funda staff and faculty. The Funda Coordinator will be charged with coordinating the human resource development planning activities and facilitating the communication of the parties involved in the human resource development activities. The Funda Coordinator will be responsible to and work in collaboration with the Principal.

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D. Accreditation Planning

This Grant will support accreditation planning activities for the successful transformation of Funda into a community college. Funda will secure a consultant who specializes in the community college accreditation process. The consultant will work in collaboration with the Principal of Funda to develop a plan of accreditation for the Funda community college. The plan will focus on community college accreditation policy in South Africa: how Funda, in its transformation stages, should restructure in order to meet accreditation standards in South Africa so that Funda's courses, degrees and certificates are accepted by South Africa's higher education community and develop an implementation schedule of the accreditation plan for the Funda community college.

E. Financial Management

The Finance Manager will be responsible for the appropriate effective financial recording and control of the programs funded under this Grant which include principal support, curriculum development, human resource planning and accreditation planning. This person in addition will prepare budgets and financial reports for the transforming Funda Centre.

Implementation Plan

A. Selection and Appointment of Principal: October, 1993

During the month of September, intensive recruitment and selection of a principal will be conducted. The Principal will be in place for the implementation of curriculum development, human resource development planning and accreditation activities.

B. Selection of Curriculum Development, Human Resource Planning, and Accreditation Planning Consultants: November, 1993

During the month of October, the Funda Board in collaboration with the Principal will select qualified consultants to accomplish activities outlined in this Agreement.

C. Implementation of Curriculum Development, Human Resource Planning, and Accreditation Planning Activities: November, 1993

During the months of October through February, the consultants secured by Funda will carry out, with the assistance of appointed Funda Higher Education Planners and the Principal, activities outlined in this Agreement. Reports on the three major activities will be drafted.

D. Final Report Submission and Evaluation of the Human Resource Plan and Accreditation Plan: January, 1994

The final reports of the human resource plan and the accreditation plan will be submitted to the Principal. The Principal and the Funda Board will begin evaluating the plan from which recommendations will be adopted

E. Final Report Submission and Evaluation of the Curriculum Master Plan: February, 1994

The final draft of the curriculum master plan will be submitted to the Principal. The Principal and the Funda Board will evaluate the master plan and adopt it as the Funda community college Master Curriculum Plan. Also during this month, a detailed proposal on the Community College Pilot will be submitted to funders and the new community college board, to be called the Governing Council, will be inaugurated.

F. Implementation of Curriculum Master Plan, Human Resource Plan and Accreditation Plan: February, 1994

The community college will prepare for the implementation of the plans outlined in this Program Description Section. The recommendations under these plans will be implemented. Necessary curriculum resources and structures will be procured and set in place, human resource training and development will be implemented according to the plan and the community college administration will begin the accreditation process. This stage of the implementation activity will carry on through June.

G. Public Launching: July, 1994

The 1993 implementation plan for Funda College will be evaluated and the first calendar will be finalized and organizational systems and resources for student admissions set up.

Financial Plan

A. Core Salaries

Funds under this Agreement will provide for the salaries of the following employees covering the period beginning on the effective date of the Agreement up to September 30, 1994:

1. Principal- This line item provides salary and benefits of up to R120,000 for the Agreement period.
2. Funda Coordinator- This line item provides salary and benefits of up to R76,000 for the Agreement period.
3. Finance Manager- This line item provides 25% of the salary which amounts to R18,000 for the Agreement period.

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B. Curriculum Development

1. Curriculum Consultants- USAID supports the following compensations, travel and per diem and activities for the curriculum consultants as per Section IX.D. of Attachment 1 of this Agreement.

2. Funda Higher Education Planners- USAID will pay travel and per diem to Funda Higher Education Planners to travel domestically and abroad to investigate the community college structure and process as per Section IX.D. of Attachment 1 of this Agreement.

As outlined in Attachment 1, Section IX.G., of this Grant, the Funda Centre shall submit an action plan outlining the specific number of, a detailed scope of work and curriculum vitae for, and a schedule of activities for the curriculum development consultants before funds will be disbursed to the Funda for related activities.

C. Human Resource Development Planning

Human Resource Development Consultant- Agreement funds will supports the following compensation, travel and per diem and related activities for one consultant specializing in human resource development, as per Section IX.D. of Attachment 1 of this Agreement.

As outlined in Attachment 1, Section IX.G., of this Grant, the Funda Centre shall submit an action plan outlining the specific number of, a detailed scope of work and curriculum vitae for, and a schedule of activities for the human resource planning consultant before funds will be disbursed to the Funda for related activities.

D. Accreditation Planning

Accreditation Planning Consultant- USAID supports the compensation, travel and per diem and related activities for the Accreditation Planning Consultant as per Section IX.D. of Attachment 1 of this Agreement.

As outlined in Attachment 1, Section IX G., of this Grant, the Funda Centre shall submit an action plan outlining the specific number of, a detailed scope of work and curriculum vitae for, and a schedule of activities for accreditation planning consultants before funds will be disbursed to the Funda for related activities.

E. Development and Resource Materials

Materials- USAID will fund the purchase of development and resource materials necessary to conduct the transformation activities outlined in this Agreement. Such materials include books journals on international higher education, the community college concept and structure, community college

curriculum development, human resource development and accreditation policy and process. The material will be procured both domestically and internationally.

F. Capital Expenditure

Photocopier and Computer Equipment- USAID will fund the purchase of one photocopier, one complete computer station including accessories for use at the Funda Centre and related software used at the Funda Centre for Funda transformation activities and administrative and finance purposes as outlined in this Grant Agreement.

Before purchasing the above outlined equipment, Funda agrees to discuss its equipment needs with at least three suppliers and receive written quotes for each outlined item from these suppliers. Funda will then prepare a short memo to USAID describing which supplier was chosen for each item or items, the reasons for selecting that supplier and requesting USAID concurrence with the purchase from that supplier. These quotes and the justification for selection of a supplier should remain on file and be available for Funda's annual financial audit.

G. Evaluation

The Agreement will fund a comprehensive evaluation of the Funda Centre's program, with a focus on project impact. This line item will cover the costs of the project evaluation to be conducted by an external, private evaluator. Funda and USAID will mutually agree upon the Scope of Work for such an evaluation and Funda shall submit for formal USAID approval the evaluator's curriculum vitae and budget before funds under this line item will be disbursed. Provided under this Agreement is R25,000 for a project evaluation.

H. Recipient Audit

This line item, amounting to R15,000, will cover the costs of USAID's mandated audit as described in Attachment Six.

I. Predetermined Overhead

A predetermined overhead rate of 4% of the total estimated direct costs will be applied to this Grant to support Funda's projects. These support costs include such items as secretarial compensation, phone and fax charges, stationary and related materials, maintenance, utilities and rent. This results in payment of R45,000 over the 13 month Grant period from September 1, 1993 to September 30, 1994. Over the 13 month period, the R45,000 predetermined overhead will be disbursed quarterly in equal installments of R10,385 for the first 12 months and R3,462 for the 13th month. This rate can be renegotiated based on mutual agreement between Funda and USAID.

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VI. DETAILED ILLUSTRATIVE FINANCIAL PLAN

The detailed illustrative financial plan on the following page supplements the Financial Plan found in Attachment 1, Section IV, which is the binding plan for the purposes of this Agreement.

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ILLUSTRATIVE BUDGET
 THE FUNDA CENTRE
 AGR. NO. 674-0309-G-SS-3092-00

9/93-9/94

A. SALARIES	
1. Principal	120,000.00
2. Funda Coordinator	76,000.00
3. Finance Manager (25%)	18,000.00
Subtotal	214,000.00 =====
B. Curriculum Development	
1. Curriculum Consultants	295,000.00
2. Higher Education Planners	100,000.00
Subtotal	395,000.00 =====
C. Human Resource Development Planning Consultant	175,000.00
D. Accreditation Planning Consultant	165,000.00
E. Materials	20,000.00
F. Capital Expenditure Photocopier and Computer Accessories	66,000.00
G. Evaluation	25,000.00
H. Recipient Audit	15,000.00
I. Predetermined Overhead (4% on direct costs)	45,000.00 =====
GRAND TOTAL RAND. DOLLARS	1,120,000.00 400,000.00 =====

(exchange rate: R2.8 to \$1)

BEST AVAILABLE DOCUMENT

ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SOUTH AFRICA

DATE: September 1, 1993

FROM: William Duncan, ^{WGD}PHRDO

SUBJECT: South Africa Support to Tertiary Education Project (674-0309); STEP Agreement No. 674-0309-G-SS-3092-00

I. PROBLEM

Your approval is required to obligate U.S. \$400,000 of FY1993 funds under the Support to Tertiary Education Project (674-0309) through a Grant Agreement with the Funda Centre (Funda), as described herein.

II. AUTHORITY

Pursuant to Redelelegation of Authority No. 452, the Director, USAID/SA, has authority to authorize and execute grants, and amendments thereto, with indigenous 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 country for activities which far exceed the FY1993 STEP budget. Based on the Mission's review of these proposals, an Agreement with Funda is recommended.

This Agreement will assist the Funda Centre in its transformation into a community college. The specific activities which this Grant will support is management reorganization, curriculum development, human resource development planning, and accreditation planning. Management reorganization entails selecting and appointing a principal who will execute and oversee the projects funded under this Grant as well as overseeing operations and daily management of the Funda community college.

Curriculum development activities will focus on securing the services of curriculum consultants specialized in community college curriculum development and on appointing Funda higher education planners, to be selected from those current Funda staff members who will be carried over into the new structure. These two parties will collaborate in doing the following: compile an inventory of curriculum resources within the existing Funda structure; review the status of the existing Funda program structure with the view of making specific recommendations relating to the future of the community college; conduct a comparative study of curriculum policy and practice in established community colleges, both nationally and abroad, with the perspective of informing and clarifying curriculum policy options for the Funda community college; and the drafting of a Funda community college curriculum master

plan. Observation of and inquiry into community college curriculum planning methods and structure will be done by Funda higher education planners nationally and abroad. They will acquire information, materials and an overall picture of community college curriculum development in already established and operating colleges.

The third main activity of this Grant is the planning of training and development of Funda staff and faculty who will be carried over into the newly transformed community college. Funda will secure the services of a consultant who specializes in human resource development to assist the Funda Centre in designing a plan for the training and development of Funda staff. The consultant will conduct a needs assessment of skills required for the community college. The consultant will also develop a plan for the number and type of faculty and staff needed at the community college. The plan, which will be developed in collaboration with Funda staff, will also outline specific training necessary for those assuming the subject staff and faculty positions under the new structure. The plan will specify the implementation schedule for the transformation and the mechanism which will be used to train and develop the Funda staff and faculty.

The fourth main activity to be supported under this Grant will be the accreditation planning activities for the successful transformation of Funda into a community college. Funda will secure a consultant who specializes in the community college accreditation process. The consultant will work in collaboration with the Principal of Funda to develop a plan of accreditation for the Funda community college. The plan will focus on community college accreditation policy in South Africa and how Funda, in its transformation stages, should restructure in order to meet accreditation standards in South Africa and develop an implementation schedule for accreditation of the Funda community college.

The Funda Centre is an education and community center located in Orlando, Soweto. This institution has provided non-formal educational opportunities to the citizens of Soweto for more than eight years. Funda was opened in 1983 through contributions from the Urban Foundation, the former Federal Republic of Germany, USAID and numerous private businesses such as Kodak, IBM, Colgate, AECI Chemicals, and several others. Funda evolved out of the 1976 riots and has well established physical facilities to accommodate its present educational programs.

The Funda Centre is currently associated with the National Investigation into Community Education Trust (NICET), a newly formed organization which is aimed at developing a national strategy for coordinating and rationalizing community college start-ups in South Africa. Two Funda Centre administrators hold positions on the NICET National Steering Committee, one being the chair of the Cultural Task Group and the other of the Funding Task Group.

Current Funda-based activities include teacher in-service training mainly in English, science and mathematics, the training of educare workers and distance learning of adults in academic and professional disciplines. Activities are operated and funded by numerous organizations or users. Currently, Funda has 12 users directly servicing more than 3,000 people.

The users' activities attempt to provide black South Africans with a means of expression as well as training in areas traditionally neglected in the formal education system. All of the Funda Centre user organizations are based in Soweto. Except for two of the twelve groups, all of the member organizations are black-led and all of the groups have either predominately or exclusively black staff. Funda Centre is a black led organization with a predominantly black Board of Directors and Project Directors.

The USAID's 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 support under STEP is aimed at assisting South Africa's majority population to develop skills that they require to assume leadership roles in the future nonracial, democratic society. STEP activities target three main areas: 1) leadership and human resource development through bursaries and scholarships; 2) institutional strengthening of nongovernmental organizations that are working toward improvement of the tertiary sector; and 3) career counseling activities for black South Africans preparing to the tertiary sector. In addition, as of FY93, STEP is supporting new programs that fall within the following three categories: (1) institutional strengthening of traditionally 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 tertiary education in South Africa; prepare the ground for future new projects which the Mission might want to develop; 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, whose goal is to ensure that black South Africans are full contributors to and participants in the political, social, economic, and intellectual life of their nation. The program proposed in this Agreement addresses 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 one of the key strategies for contributing toward the dismantling of apartheid by USAID South Africa.

IV. ISSUES

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

A. Action Plan and Strategic Objective(s) - This proposed Agreement was discussed during the FY93 STEP Action Plan review dated May 5, 1993 and approved. This activity is consistent with HRDD's second Strategic Objective, that of "Helping to establish a more equitable and effective education system", and Strategic Targets 2.1, 2.3 and 2.4: "Develop, evaluate and disseminate new and innovative approaches to education," "Enable educational institutions to better meet demands placed on a new, non-racial education system" and "Increase the number of qualified and skilled black South Africans engaged in education," respectively.

B. Grantee's Illustrative Budget and Cost Negotiation - HRDD conducted verbal negotiations with Funda to establish its priorities for funding. The primary components of the budget include salaries which are similar in amount levels to comparable positions in other similar education organizations, capital expenditures which will be carefully researched for lowest cost, materials to be used for curriculum development, human resource development planning and accreditation planning, a program evaluation and a USAID mandated recipient audit. 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.

C. Non Competitive Justification - Although competition is to be encouraged in the award of grants and cooperative agreements to NGOs (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." Funda has submitted an unsolicited proposal, and it is the determination of HRDD that the activity is "unique and innovative" because it is the only organization in Soweto proposing a community college which will offer a comprehensive program of formal, accredited community college courses in the Soweto community. The Funda Centre, during this critical stage in South African education, will be transformed to meet the needs of black South Africans who have been economically and educationally disadvantaged by apartheid. Through its transformation, the Funda Center will be a harbinger in a most important area, community college education, under the new South African education dispensation. Because this activity is consistent with USAID program objectives and is so unique and innovative, acceptance of the Funda 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 successful implementation of Funda's grant under the COLD project which funded its Fine Arts Program, cultural exchange programs and skills training programs and on the review of the prudently planned and drafted proposal to the STEP Project.

E. PVO Registration Determination - The proposed Grantee does not qualify as a Private Voluntary Organization, as defined in A.I.D. Handbook 3, Appendix 4C and 88 State 356010 because the Funda Centre does not solicit or receive voluntary contributions from the general public.

F. Grantee Contribution - A Grantee contribution (financial and/or in kind) of not less than 25% of total Grant project costs has been provided. Such contributions by the Funda Centre include partial administrative costs, office space, furniture and vehicles.

G. Sustainability - The Grant is expected to continue activities under this Grant and would be a strong candidate in tertiary education in the future. Funda, through activities funded by this Grant and other current and future activities, is intended to be transformed into an integrated post-secondary institution responding to the needs of the immediate community. The community college would concurrently develop a model providing basic education and skills, vocational and technical training and a smooth transition into other academic institutions. USAID will not be the sole contributor to Funda's project. Major funders for 1993/94 include the Joint Educational Trust. In addition, the transformation plan will address the issue of making the Funda community college sustainable through user fees and hopefully through funding from the new South African Government.

H. Standard Issues

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

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

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

4. 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 Redefinition of Authority No. 452, you: (1) approve noncompetitive selection in accordance with the justification provided above; (2) authorize the proposed Agreement to Funda 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

Disapproved: _____
Date: Sept 23, 1993