

PDBBY993



Embassy of the United States of America

USAID/South Africa

May 10, 1991

Mr. Patrick Hamilton
Project for the Establishment of Pre-Primary and Primary Schools
99 Koranna Avenue
Doringkloof
0157

Subject: Educational Support and Training Project
Agreement with the Project for the Establishment of
Pre-Primary and Primary Schools - Agreement No.
674-0302-G-SS-1017-00

Dear Mr. Hamilton,

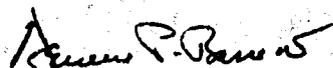
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter "USAID") hereby enters into this Agreement with the Project for the Establishment of Pre-Primary and Primary Schools (hereinafter the "PEPPS" or the "Recipient") and obligates the sum of \$50,000 (fifty thousand U.S. dollars) to provide support for a program described in Attachment No. 1, entitled "Schedule," and Attachment No. 2, entitled "Program Description," of this Agreement.

This Agreement is effective and obligation is made as of the date this letter is signed by an authorized USAID representative. The Agreement and obligation shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning the effective date of this letter, and ending May 31, 1992.

This Agreement is entered into with PEPPS on condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, "the Schedule," Attachment 2, "Program Description," and Attachment 3, "Standard Provisions." This letter and the three attachments just described, which have been agreed to by your organization, constitute the Agreement.

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

Sincerely,



Dennis P. Barrett
Director

ACKNOWLEDGED AND ACCEPTED
PEPPS



By: Mr. Patrick Hamilton
Title: Director



By: Mrs. Dora Nkamana
Title: Chairperson, Board of Trustees

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions and optional provisions as applicable
4. A.I.D. Geographic Code 935 List

FISCAL DATA:

Grantee: Project for the Establishment of Pre-Primary and Primary Schools

Agreement No: 674-0302-G-SS-1017-00

Appropriation: 72-111/21014

BPC: GSS1-91-21674-IG13

Reservation Control No.: B910093

Amount: \$50,000

Drafted: JBisgard, PDO, 01811

Cleared: DEvans, HRDO
MJJohnson, SPDO
DKeeene, RLA
MVan Doren, CONTM
FMangera, A/PROG
JWeber, AD

Funds Available

RBarrett:ACCT
FUNDS AVAILABLE

04/22/91
Date

04/22/91

ATTACHMENT NO. 1

SCHEDULE

I. OVERVIEW OF AGREEMENT

This Agreement finances black teachers' salaries at the new primary schools located in Atteridgeville and Pietersburg under the Project for the Establishment of Pre-Primary and Primary Schools. In addition, funds are provided to cover part of the project's overhead expenses in accordance with PEPPS' new policy designed to lead to long-term sustainability.

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 May 31, 1992, 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

USAID hereby obligates the amount of U.S. \$50,000 for purposes of this Agreement.

IV. FINANCIAL MANAGEMENT

A. The Recipient shall be responsible for accounting for, and shall open a separate interest bearing bank account to be used solely for all funds provided under this Agreement. The Recipient shall deposit all USAID funds, including cash advances, into this separate account and shall make all disbursements for goods and services financed under this Agreement from this account. Execution of this Agreement constitutes USAID approval of the initial advance amount. All cash advances shall be liquidated on a quarterly basis.

B. Any interest exceeding the Rand equivalent of US \$100 per annum earned from funds provided under this Agreement must be returned to USAID not less often than quarterly. Up to the Rand equivalent of US \$100 in interest earnings per annum may be retained by the Recipient to cover administrative costs such as bank charges on the separate interest bearing account.

C. Each month or quarter after the initial advance, the Recipient will submit to the USAID Controller's office a voucher for reimbursement based on expenses incurred during the previous period. The voucher will consist of two parts:

1. Disbursement Report. A detailed report of disbursements by budget line item. Each report will include:
 - (a) a summary sheet listing, in a format compatible with the budget, the purpose and amount of all individual expenses incurred with a sub-total for each budget line item and a grand total for the current reporting period;
 - (b) the cumulative amount of Rands received under the Agreement by budget line item; and
 - (c) copies of paid invoices (not proforma invoices), checks, or other documentary evidence showing that funds were expended and the payee received such funds; e.g. an invoice stamped "paid," a cancelled check, a payroll sheet signed by the employee.

2. Cash Advance Status Report in the following format:

USAID CASH ADVANCE STATUS REPORT
PEPPS Agreement Number 674-0302-G-SS-1017-00

A. Period covered by this report:

From (Month, day, year) _____
To (Month, day, year) _____

Period covered by next report:

From (Month, day, year) _____
To (Month, day, year) _____

B. Cash Advance and Needs:

1. Cash advance on hand at the beginning of this reporting period
R _____
2. USAID check advances received during this reporting period
R _____
3. Interest earned on cash advance during this reporting period
R _____
4. GROSS cash advance available during this reporting period (total of lines 1, 2 and 3)
R _____

5. LESS, interest remitted to USAID during this reporting period R _____

6. NET cash advance available during this reporting period R _____

7. Total disbursements during this reporting period R _____

8. Amount of cash advances available at the end of this reporting period (line 6 minus line 7) R _____

9. Projected disbursements for the next reporting period R _____

10. Additional cash advance requested for the next reporting period (line 9 minus line 8) R _____

11. Total interest earned on cash advance from the start of the grant to the end of this reporting period, but not remitted to USAID R _____

12. Total cash advances to subgrantees, if any, as of the end of this reporting period R _____

C. The undersigned hereby certifies: (1) that the amount in paragraph B.9 above represents the best estimate of funds needed for the disbursements to be incurred over the period described, (2) that appropriate refund or credit to the Agreement will be made in the event of a disallowance in accordance with the terms of the Agreement, (3) that appropriate refund or credit to the Agreement will be made in the event funds are not expended, and (4) that any interest accrued on the funds made available herein will be refunded to USAID.

Date: _____

By: _____

Title: _____

Attachments:

1. Disbursement Report

V. FINANCIAL PLAN

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

Table 1

Illustrative Financial Plan
SAR

<u>Item</u>	<u>Total</u>
I. Black Teacher Salaries (8 teachers at a R1,110/month for 12 months plus 13th check)	115,440
II. Overhead approximately 10% of salaries (12 months at R1,000 per month excluding 13th check)	12,000
GRAND TOTAL	----- R127,440

B. Level of Assistance

The total Rand amount in the Illustrative Financial Plan (Table I) above is the maximum Rand available under this Agreement. The conversion rate from U.S. dollars will be the prevailing rate at the time of conversion by the Controller, USAID/South Africa. To determine the U.S. dollar amount of the Agreement, an exchange rate of R2.55 to US\$1 was used. Notwithstanding the above, in no event will the total level exceed the obligated dollar amount.

Due to exchange rate fluctuations, South African Rands available under any individual line item financed under this Agreement may exceed levels budgeted for by the Recipient. If the Recipient desires to use such excess Rands to finance additional eligible program expenses, it may submit in writing to USAID its proposed priority uses of such funds. If USAID is in agreement with the Recipient's proposal, the Agreement may be modified to provide for the authorized expenditures. USAID reserves the right to deobligate any dollars in excess of those

needed to fund the Rand Budget. However, should changes in the exchange rate result in fewer South African Rands being available than budgeted for, the Recipient will be responsible for financing the shortfall since the U.S. dollar amount prevails.

VI. REPORTING

PEPPS will submit semi-annual progress reports on activities funded under the Agreement. The content and format of the reports will be agreed upon by USAID and the Recipient at a later date.

VII. OVERHEAD RATE

The Recipient's overhead rate established under this Agreement is 10%.

VIII. TITLE OF PROPERTY

Title to all property purchased under this Agreement shall vest in the Recipient in accordance with the terms of Attachment 3, Additional Standard Provision 19, entitled "Title to and Use of Property."

IX. 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 goods and services, their nationality in the United States, the Republic of South Africa or in other countries included in A.I.D. Geographic Code 935. Please refer to Attachment 4 for a list of countries included in Code 935.

X. LOCAL COST FINANCING

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

XI. SPECIAL PROVISIONS

1. Procurement

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

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

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

2. Competition. Except as provided in Section XI.1. above, all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, free and open competition.

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

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

5. Audit. PEPPS agrees that Agreement funds may be utilized to finance an audit of programmatic activities, if so requested by USAID.

6. Black Management Participation. PEPPS agrees to continue to strive for substantive black South African participation at all levels of the project.

XII. STANDARD PROVISIONS

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

ATTACHMENT 2

PROGRAM DESCRIPTION

I. SUMMARY

This Agreement supports PEPPS' two new primary schools located in Atteridgeville and Pietersburg through partially financing eight teacher salaries. In addition, it makes a contribution towards the overhead costs of the central directorate in accordance with PEPPS' policy to charge a percentage to all donors.

II. BACKGROUND

A. Educational Support and Training Project

This Agreement is financed under USAID's Educational Support and Training Project (ESAT). The purpose of ESAT is to support indigenous, nongovernmental initiatives which demonstrate improved models for basic education for disadvantaged South Africans and confront the waste of human resources victimized by the apartheid education system. Based on extensive consultations with educationists, community leaders, parents, students, and non-governmental organizations, priority is given to projects which: help disadvantaged South Africans cope with and overcome the inadequacies of apartheid education; are nonracial yet affirm black culture and history; promote community involvement in education; or provide a foundation for nonracial education in a post-apartheid South Africa.

B. PEPPS

In 1985, members of the Atteridgeville community approached the Waterkloof House Preparatory School (WHPS) to assist them in setting up a quality primary school. The proposal generated enthusiasm and commitment among WHPS board of Directors. The Headmaster of WHPS was selected to become the Director of the new project, which widened the concept of one school to that of starting a series of schools, entitled the Project for the Establishment of Pre-Primary and Primary Schools.

PEPPS now has a two year track record and has set up two schools located in Atteridgeville and Pietersburg and is in the planning stages of another school in Soshanguve. PEPPS Central Directorate works with a local school board in managing the affiliate schools. The local board, made up of community members, controls the school with the technical and financial assistance of the Central Directorate. Each school is started by constructing classrooms for the pre-primary and grade 1 classrooms, on each succeeding year three classrooms are added until the Standard 5 classrooms are complete.

The facilities of each school are available for the use of the community after school hours and weekends. The PEPPS Central Directorate also encourages each school to make its facilities available for other uses, such as adult literacy classes.

PEPPS schools are built and supported by the community with the underlying philosophy that the majority of the recurrent costs will be covered by school fees. Each school board completes a costing and budgeting exercise prior to setting fees, which average R1,500 per annum. PEPPS Central Directorate raises funds for the shortfall and for the capital costs of each school.

III. PROBLEM

There is general agreement among educationists that provision of basic education for all is the absolute responsibility of the State. In the case of South Africa, the State continues to breach its responsibility and to discriminate in favor of white children through its separate education policies. Efforts at meaningful change are in progress through many channels but are limited in scope and focus mostly on secondary and tertiary education.

This focus, which still relies on DET to provide all primary education, leads to an educational and linguistical disadvantage for students attempting to fit into "open" secondary schools and succeed either at Technicons or Universities. While there are a few primary schools who accept a limited number of black children, these are limited in number, and outside major cities, are completely unavailable. Neither Pretoria nor Pietersburg have any "open" Government funded primary schools. These schools are expensive, located outside the township, and based on "white" cultural ideals leading to conditions in which the black parent has little influence over the school or the student's education.

This, to our knowledge, is one of the few successful efforts to initiate primary school in townships. As such it represents an important step towards greater community involvement and control over their childrens' education. Above all, it represents a credible step towards developing a quality model which is culturally relevant for a post-apartheid education system.

IV. PURPOSE

The purpose of this Agreement is to support the two community-based primary schools affiliated to PEPPS through support for black teacher salaries. It is also to encourage PEPPS to use an overhead system which ensures self-sufficiency of the central administrative costs.

V. PROGRAM DESCRIPTION

Through a previous Agreement with PEPPS (Agreement No. 674-0302-G-SS-9032-00), USAID supported the start-up and planning costs of the Central Directorate. This support provided the crucial guarantee of central administrative costs over the initial operating period enabling PEPPS to garner greater donor support. Meanwhile, USAID encouraged PEPPS to consider other more creative means of financing those central costs such as an overhead system. This Agreement provides limited support to continue to encourage the concept of high quality, community controlled education and to reward the PEPPS' policy reform which will lead to long term sustainability. It is understood that other funding will be required after mid-1992 for the costs covered in this Agreement.

1. Black Teacher Salaries

This Agreement contributes R1,110 per month (including 13th check) towards the salaries of eight black teachers at the two PEPPS schools located in Atteridgeville and Pietersburg. Each of those teachers will have the primary responsibility for 23 pre-primary or primary students and will represent a key role model to the children and to their peers at DET schools. In addition, PEPPS encourages other community organizations and primary schools to observe their teaching methods which are innovative within the South African context.

2. Overhead

This aspect of the budget covers the administrative costs of running the program described above. In each claim for reimbursement, 10% of the salary claim will be provided, which for convenience has been rounded to R1,000 per month (excluding the 13th check). The overhead funds will be attributed to the Central Directorate costs such as administrative salaries, telephone and other utilities at headquarters, the annual audit, etc.