

690

TRAINING OF DISADVANTAGED SOUTH AFRICANS

PO BAA

I. SUMMARY AND RECOMMENDATIONS

A. Project Title: Training of Disadvantaged South Africans

401

B. Project Number: 690-0213

C. Cost of the Project:

FY 1982	\$4,000,000	(\$3.0 m. DA, \$1.0 m. ESF)
Sub-Total	4,000,000	

Estimated Future Years	<u>26,000,000</u>	
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Total	\$30,000,000	(\$6.0 m. EHR, \$24.0 m. ESF)
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D. Period of Project Implementation: 4 years, from April 1982 to July 1986

E. Terms: Grant(s) to Non-governmental Organization(s)

F. Summary Project Description:

Under South African law, the education systems for South Africa's various racial groups are administered separately, and only pupils of specific racial groups are allowed to attend schools in their particular system, although a few private schools have in recent years admitted some pupils from differing groups. According to available evidence, the quality of education in the white education system is substantially better than in the black system. Such evidence was considered by U.S. legislators in amending Section 105(a) of the Foreign Assistance Act, of 1961, as amended, which delineates the project's target group as "South African students who are disadvantaged by virtue of legal restrictions on their ability to get an adequate undergraduate or professional education."

This statutory language can be broadly interpreted so that, as a class, any black student may be considered for scholarships. Similarly, any such student presently in white schools and education programs as well as students from "independent" homelands can be included within the class of disadvantaged South African students as a result of legal restrictions on their ability to attain an adequate education. An opportunity, sought by the black South African community and supportive of U.S. foreign policy objectives, is an expansion of scholarship programs for undergraduate and professional education in the United States. To fund a program which provides such opportunity, the International Security and Development Cooperation Act of 1981 states, in part, the following:

The President shall use not less than \$4,000,000 of the funds made available for the purposes of this section to finance scholarships for undergraduate or

professional education in the United States for South African students who are disadvantaged by virtue of legal restrictions on their ability to get an adequate undergraduate or professional education, except that up to \$1,000,000 of the funds made available for each fiscal year under Chapter 4 of Part II of this Act for southern Africa regional programs may be used to finance such scholarships in lieu of an equal amount under this section.

This project implements Congressional intent. As described herein, the activities in this project are those mandated by the FY 1982 Congressional appropriation of funds.

The project will provide scholarship assistance to 100 disadvantaged South Africans for undergraduate and professional education in U.S. colleges and universities. The students will be expected to return to South Africa upon completion of their studies. Priority will be given to training in the development sciences, including agriculture, business administration, economics, engineering, management and physics. The appropriated funds will be advanced to the International Communication Agency (ICA) to be granted to U.S. private organizations for implementation of the program. ICA will monitor the project and coordinate it with other educational and cultural exchange activities in South Africa. Each participant will be fully funded for the duration of his/her planned training. Through the efforts of the implementing organizations, cost-sharing with U.S. universities, corporations and private foundations can increase the number of scholarships made available. The goal of 100 students is illustrative and, even with private sector cost-sharing, may be difficult to achieve in this first year of the project. Some universities will finance a share of the cost through tuition waivers and others through waiver of tuition, room and board.

G. Eligible Geographic Code Source: Code 000 (U.S. only)

H. Project Waivers Required: None

I. AID Project Committee:

Dianne Blane, AFR/DR/SA, Chairperson
Earl Yates, AFR/SA
Tim Bork, GC/AFR
Howard Steverson, AFR/DR/EHR
Wayne King, AFR/SA

J. AID Project Assessment Team:

W. Haven North, DAA/AFR
Ted Morse, AFR/SA
Patsy Blackshear, Consultant

II. PROJECT BACKGROUND

A. Introduction

Separate educational systems for the different races were established in South Africa through the Bantu Education Act of 1953. The consequent inadequate educational opportunities for blacks* are reflected in statistics which indicate that very few have access to quality higher education. A September 1980 analysis undertaken by the Institute of International Education (IIE) described the situation:

Despite the fact that there are four and one half times as many Africans as whites in South Africa, in 1970 there were only 1,400 African university graduates, contrasted with 104,500 white university graduates. In 1979 university enrollment on a full-time, residential basis included 80,000 whites and only 7,000 Africans. Despite growth in university places for Africans, a white child still has 100 times more chance of being a university graduate than an African child.

Through an exemption in the law, some blacks are allowed to attend South Africa's white universities to take courses not available at black colleges. However, the number of blacks who can actually take advantage of this provision is small. In 1978 some 1,700 blacks requested permission from SAG officials to attend white universities, but only 347 of these requests were granted. Moreover, whether or not a student is given permission to attend courses at a white university has little to do with his ability to do the required academic work. With this restriction in the South African educational system, there are few black South African professionals and even fewer who occupy managerial or skilled positions in South Africa's economy. A recent South African commission reported that there are not more than 100 black engineers and certified accountants, no black corporate lawyers and fewer than 100 black managers. Significant access to training in these fields is not available to black South Africans.

In part, the impetus for improvements in black education stems from an emerging realization of the need to fill the growing requirement for skilled manpower in the South African economy. Harry Oppenheimer, chairman of the Anglo-American Corporation, reportedly stated in July 1980 that "it is obvious that the great and growing need for trained men cannot possibly be met from the white population, nor from the white, colored (mixed-race) and Indian populations together. Obviously, there is an urgent need for more trained blacks" (Africa Report, September-October 1980). The business community is committing resources to improving black education. Anglo-American and DeBeers, of which Oppenheimer is also chairman, have pledged \$6.5 million for a technical education school for blacks near Durban. The American Chamber of Commerce has pledged \$5.0 million for the Project to Accelerate Community Education (PACE), a private co-educational commercial high school in Soweto. While these and other developments represent some progress, SAG, other donor and business community efforts to improve black education over the coming decade will still fall short of needs and expectations.

B. U.S. Interest and Objectives

In South Africa education has played a central role in defining social goals and has served as an engine for social change throughout its history. The U.S. believes that

* "Blacks," as used in this paper, refers to African, Asian, and so-called colored South Africans.

education can be a key engine of social change in South Africa in the 1980's. Regarding the role of education and the pace and nature of change in South African society, Assistant Secretary of State, Chester Crocker recently stated:

If change is underway in South Africa, albeit slowly, the choice confronting South Africa between radical violent revolution and peaceful evolutionary change is becoming even more starkly drawn. It is too simple a dichotomy, but in a sense the choice which confronts South Africa and those who would influence it lies in part between the battlefield and classroom. Certainly, failure in the latter will hasten violent confrontation on the former. Education is, therefore, central to peaceful evolutionary change; in that sense the classroom suggests itself as one very important key to our policy toward South Africa.

Secretary Crocker reiterated the U.S. commitment to help the educational needs of black South Africans and underscored the view that education is a key to the process of social change in South Africa.

USG assistance to the education of black South Africans is consistent with the stated policy of abhorring the apartheid system, and supportive of the objective of promoting equality of education for black South Africans by increasing the opportunities for quality education available to them. It also supports the objective of improving the skills of black South Africans, enabling them to earn higher incomes and achieve a higher standard of living through employment in the country's highly industrialized economy.

C. AID Assessment Team's Visit

In November-December 1981 a three-person fact-finding team travelled to South Africa to explore needs and possibilities for USG assistance to programs designed to respond to the education/training needs of disadvantaged South Africans. During its three weeks of travel to three of the country's four geographic regions, the team conducted over eighty interviews, consulting with almost 200 black and white educators and community leaders from the private and public sector. Contacts represented the full geographic and political spectrum of South African society.

The team explored opportunities to assist black South African students through a scholarship program for study in the U.S., as well as through selected in-country training activities. It found a critical and immediate need and virtually unanimous support for a U.S. scholarship program and it received numerous requests for financial assistance to in-country training activities.

With regard to a scholarship program, the team also found a consensus for a heavier emphasis on graduate training than on undergraduate. The rationale is that graduate students usually are more mature, have demonstrated an ability to do college-level work, and are often better prepared to handle both the rigors of U.S. academic study and adjustment to life in a society greatly different from their own.

D. AID Involvement to Date

Since 1976 AID has transferred more than \$2.0 million to ICA to conduct training and education programs for South Africans and Namibians. AID first provided funding assistance for a scholarship program for disadvantaged South Africans in FY 1981. The program supports study in the United States for those South African students who are disadvantaged by restrictions on their ability to get an adequate education in their country. They have been selected in, and are expected to return to, South Africa upon completion of their studies. In response to an unsolicited proposal, AID transferred \$380,000 to ICA, which in turn, granted the funds to the Institute of International Education (IIE) for its South African Education Program (SAEP). The SAEP was started in FY 1979 as an essentially private sector effort supported by contributions from U.S. corporations, foundations and universities. In 1981 the private sector provided fellowships for fifteen master's degree students. The \$380,000 contributed by AID enabled IIE to provide scholarship assistance to fifteen undergraduate students. To date, this program is proceeding very well.

E. Congressional Interest and the Legislative Mandate

Congressional interest in U.S. assistance to a scholarship program for disadvantaged South Africans was generated following a fact-finding trip to South Africa in July 1980 by Congressman Stephen J. Solarz (D-NY), then Chairman of the Subcommittee on Africa of the House Foreign Affairs Committee. Through Congressman Solarz's leadership, additional funding for such a program was introduced in the FY 1982 foreign assistance authorization and appropriation bills. The proposed funding is aimed at significantly expanding the number of scholarships available to disadvantaged South African students. Specifically, the International Security and Development Cooperation Act of 1981, Section 303(b), earmarks \$4.0 million for FY 1982 to finance scholarships for undergraduate and professional education in the United States for South African students who are disadvantaged by virtue of legal restrictions on their ability to get an adequate education in South Africa. The Act provides further that \$1.0 million of the \$4.0 million earmarked may be taken from the Economic Support Fund (ESF) for Southern Africa; the remaining \$3.0 million will be taken from the Education and Human Resources (EHR) account. These funds are reserved in the Southern Africa Regional Program. Consistent with Congressional intent, this project is now included in AID's regular annual programming and budgeting process.

III. THE PROJECT

A. Description of the Project

1. Goal and Purpose

The goal of this project is to contribute to the process of developing a cadre of professional and skilled manpower among the black population of South Africa, which the U.S. believes is an important element in bringing about evolutionary social change there. This goal can be met only by the combined efforts of many groups to mobilize social commitments and financial resources. Dialogue with private interest groups, businesses, corporations and the education community in both South Africa and the U.S. will be simultaneously opened, maintained and strengthened in search of additional avenues to contribute to achievement of this goal.

The purpose of this project, is to provide higher education in the United States for black South Africans.

2. Outputs

The project output, indicative of achievement of the project purpose, will be the approximately 100 black South Africans, trained in the U.S., returned to and prepared for productive and gainful employment in South Africa.

In selecting scholarship recipients, the preference is for mature students who have the personal conviction to sustain them during their adjustment to study in the U.S. and then readjustment to life in South Africa. Students must also have demonstrated academic ability. On the basis of experience to date, and confirmed in the assessment team's discussions in South Africa, priority will be given to placement in the development sciences. This will include agriculture, business administration, engineering, economics, management, and physics. These are the fields in which only a small number of blacks have been trained in South Africa, in which blacks have the fewest opportunities for study in South African institutions and productive employment in its industries. These are also the fields in which the greatest possibilities exist to have a multiplier effect. However, in the course of project implementation, additional fields may be identified and participants selected and placed for study. The students should be placed in a wide range of accredited academic institutions in the U.S.

It is noted that at present there are black South African students residing in the U.S. from whom candidates could be selected based on the foregoing criteria. Nevertheless, it is the intent of this project to increase the number of students able to study in the U.S.; consequently, candidates from those already here would occur only on an exceptional basis.

B. A.I.D. Inputs

Project responsibility and funds will be transferred to ICA for administration of the scholarship program. (The project management mechanism is discussed in Section V, Implementation Arrangements.) To assure Fall 1982 placements, grants will be made to those institutions which have presented unsolicited proposals to AID. AID inputs to the scholarship program are focused on financial support for (1) university/college expenses and (2) grantees' implementation of the program. These categories are discussed in further detail below.

(1) University/college expenses: Included in this category are specific scholarship costs, such as tuition, room and board on campus, books, clothing, laundry, incidentals, summer maintenance, medical insurance and international travel between South Africa and the U.S. ICA will seek to assure uniformity in conditions of U.S.-funded scholarships administered by grantees. Cost-sharing with American universities, corporations and private sector interest groups and foundations will be maximized. In the case of universities, cost-sharing will be sought through tuition waivers, often in conjunction with partial or full waivers for room and board. All participants will be funded for the full period of their training.

(2) Grantee implementation: The scholarship program will be implemented through grants to non-governmental organizations. Maximum cooperation between the implementing organizations is to be encouraged. The grantee(s) will be responsible for all or some of the following functions, depending on implementation arrangements made by ICA:

- recruitment;
- selection of participants;
- appropriate in-country and U.S. orientation program prior to enrollment;
- participant placement in an appropriate academic setting, with full financial and administrative support;
- student counselling and academic supervision, in collaboration with the university or college;
- work-related training experience or internship during university vacation periods, especially for summer breaks;
- appropriate supplemental academic experience as individual situations dictate; and
- re-entry (into South Africa) orientation as needed

Fulfillment of this basic scope of work necessitates funding a grantee's costs for staff salaries and benefits, travel to South Africa and U.S. universities, business meetings, communications, support services and general administrative overhead.

C. Private Sector Inputs

U.S. corporations, foundations and universities have demonstrated a continuing commitment to the education of disadvantaged South Africans including provision of scholarship support to such students. AID's FY 1981 grant of \$380,000 to IIE'S South African Education Program provided scholarship support for 15 undergraduate students to study in the U.S.; corporate contributions provided partial support for 15 graduate students. University tuition waivers (plus room and board waivers in some cases) complemented USG and corporate contributions.

Grantees for the FY 1982 program will be strongly encouraged to continue to elicit corporate, foundation and university contributions to the scholarship program. If these Grantees are considered for participation in future year scholarship programs, a significant factor in the consideration they are given will be an evaluation of their performance in the FY 1982 program. They will be evaluated on their success at attracting private participation and funding into the program as well as on any innovative, qualitative improvements over the on-going program.

IV. RESULTS OF SPECIFIC PROJECT ANALYSES

A. Financial Analysis and Plan

1. Summary Cost Estimate and Financial Plan

Total funding requirements for FY 1982 are estimated at \$5,620,000. The following table indicates cost estimates for the AID and other supporting inputs to the project. Estimates are based on costs associated with the on-going scholarship program and on the following assumptions: (a) about 100 black South African students will be coming to the U.S. for long-term academic training; (b) the average period of study will be three years, or 33 months (two years plus 9 months); and (c) other supporting inputs will be primarily tuition waivers granted by universities or awarded by private corporations and interest groups. ICA will provide administrative direction of the project at no cost to AID.

Summary Cost Estimate and Financial Plan
(U.S. \$000)

<u>Inputs</u>	<u>A.I.D.</u>	<u>Private Sector</u>	<u>Total</u>
University/college expenses	\$3,200	\$1,500	\$4,700
Grantee implementation	500	—	500
Sub-Total	3,700	1,500	5,200
Contingency/inflation (8%)	300	120	420
TOTAL	\$4,000	\$1,620	\$ 5,620

Given the nature of the project, only a fraction of the cost will represent local currency expenditures. The AID contribution represents 71% of the cost, and other supporting contributions represent an estimated 29%. The Ford and Carnegie Foundations are making grants to the South African Council of Churches' Educational Opportunities Committee which may be involved in participant recruitment and processing.

2. Costing of Project Inputs

The above estimates for the breakdown of the contribution to the project are necessarily illustrative. Basically the AID funds will be spent to support as many participants as possible. For the purpose of estimating an average amount required to support each student scholarship for the full term of study in the U.S., an average of three years' expenses is used. The table below indicates this cost at \$32,000, for a total cost of \$3,200,000 for 100 students.

Per Student Cost (excluding tuition)

Selection in South Africa	200
U.S. placement	600

International round-trip travel	3,000
Settling in and clothing	600
Books and supplies (\$450/year)	1,350
Medical insurance (\$40/month x 33)	1,320
Supervision and fiscal management	5,000
Monthly maintenance (\$600/month for room and board)	<u>19,800</u>
Total	\$31,870
Rounded to	\$32,000

A tuition scholarship for a period of three years of study will cost an estimated \$15,000 for each participant. This estimate may seem low, but is actually realistic if it is assumed that most participants will attend state universities. It reflects an average cost from the on-going scholarship program, with an increase for inflation. At this rate, the value of tuition scholarships for 100 students is \$1,500,000 and represents the targeted contribution of universities/colleges and other private sector sources. To the maximum extent possible, full scholarships covering tuition, room and board will be sought. In this case, the AID contribution for a particular student's support either will not be necessary, or will be minimal, and the savings can be applied to supporting additional students, above the estimated number of 100.

B. Institutional Analysis

ICA and grantee administration of the scholarship program will require working with selected South African organizations and institutions, including South African universities and private businesses. Other organizations are community-based: some are church-affiliated; none are organs of the SAG. Among the organizations with which working relationships will be maintained are the Educational Opportunities Committee (EOC) of the South African Council of Churches (SACC), the Institute of Race Relations (IRR), the South African Council for Higher Education (SACHED), and Inkatha (the Zulu cultural/nationalist organization). All of these are involved in on-going efforts to meet the particular education needs of disadvantaged South African students. Their programs are designed and implemented in a way to meet those needs despite limitations imposed by the South African social system.

C. Environmental Analysis

As a scholarship program, this project will not involve activities directly affecting the environment, such as construction. Accordingly, it is determined that this project is categorically excluded from the requirement for an Initial Environmental Examination, an Environmental Assessment or an Environmental Impact Statement, in accordance with Section 216.2(c)(2)(i) of AID Regulation 16.

V. IMPLEMENTATION ARRANGEMENTS

A. Executing Mechanism

Administrative direction of the project will be provided by ICA. The project funds will be advanced to ICA through the negotiation and signature of a Memorandum of Agreement. This mode offers several operational advantages. Firstly, it transfers the primary management responsibility to ICA, which has more experience than AID in managing programs in South Africa. Secondly, ICA field offices and staff are in South Africa to provide on-site monitoring of important field phases of the program, such as student recruitment, selection and follow-up upon participants' return to South Africa. Thirdly, ICA's experience and field staff will permit closer coordination of this scholarship program with the FY 1981 program, the Fulbright Fellowship Program and other cultural exchange activities administered by ICA in South Africa. ICA fully endorses an expanded scholarship program with increased USG support. There is joint agreement for ICA to execute the FY 1982 program. This arrangement will be reviewed in Spring 1982, and decisions will be made at that time regarding subsequent implementing arrangements.

Based on joint understandings, ICA has informally initiated planning for implementation. Upon the advance of funds, \$4.0 million in FY 1982, ICA will negotiate grants with those organizations which have submitted unsolicited proposals to AID. To date these include the Institute of International Education (IIE) and the American-African Educational Foundation (AAEF). It is recognized that these two organizations have different capacities and experience with student recruitment, selection and placement. Because it is anticipated that the more experienced IIE will handle a considerably larger number of students than AAEF, the Description's assumptions and cost estimates are based on the tested capabilities of IIE. It is recognized that these assumptions and estimates may have to be modified in the grant negotiations process.

There are several advantages of using private organizations to implement the program. Firstly, it will serve to lower the official U.S. government involvement and profile. Secondly, private organizations will be able to attract additional sources of support, from universities, colleges, corporations and private interest groups, for example, which will increase the impact and supplement the present and forthcoming funding for the program. Thirdly, and implicit in the former advantage, the use of private organizations will develop a broader constituency of support for the program in the U.S. and South Africa.

Of utmost importance in assuring successful implementation of the project will be the linkages which each grantee must forge with non-Governmental South African entities to reinforce the credibility of the program within South Africa.

B. AID and ICA Project Administration

AID will consult regularly with ICA in order to follow progress on implementation of the project. An ad hoc AID committee, chaired by the Africa Bureau's Office of Development Resources (AFR/DR/SA), will meet quarterly to review progress to date and to recommend action as necessary to ensure effective and timely achievement of the project's purpose. Technical backstopping will be provided by the Office of International Training and the Africa Bureau's Office of Education and Human Resources

Development (AFR/DR/EHR). Programmatic monitoring will be provided by the Africa Bureau's Office of Southern African Affairs (AFR/SA). Legal and financial management advice will be sought in the context of the ad hoc committee's review process. Monitoring will require frequent contact with the ICA project managers. Field monitoring will be provided by the ICA staff in South Africa.

ICA's Associate Director of the Office of Educational and Cultural Affairs (ECA) will be responsible for direct project management. This will involve continuing contact with the grantee organization(s) and with ICA field staff to assure sound programmatic and financial management.

C. Implementation Schedule

<u>CY</u>	<u>Month</u>	<u>Action</u>	<u>Responsibility</u>
1982	April	Approved in AID/W.	AID
	April	Joint signature of the Memorandum of Agreement.	AID-ICA
	April/May	Negotiation and signature of grants with private organizations.	ICA
	May-July	Student selection from new and existing candidates, placement arrangements with U.S. universities and colleges.	Grantee(s)
	July	Pre-departure orientation program(s) completed.	Grantee(s)
	August	Participants arrive in U.S. for grantee orientation prior to departure for campuses	Grantee(s)
	September	Participants enroll and start studies in their universities/colleges.	Grantee(s)
1983	January	Evaluation of first 6 months of project implementation.	AID-ICA

D. Reports

Semi-annual reports on student progress will be required from a grantee beginning at the end of the first academic semester after the effective date of execution of the grant(s). The grant will include a provision detailing the format of the progress report. They will be submitted to ICA/ECA with copies to AID/AFR. The report will describe and discuss:

- (1) problems encountered and/or foreseen;
- (2) planned solutions to implementation problems; and
- (3) specific identification of ICA or AID actions or assistance which may be required to resolve these problems.

Financial reports will also be required from grantees as prescribed by ICA.

E. Financing Arrangments

Section 632(b) of the Foreign Assistance Act of 1961 authorizes AID to allocate or transfer to ICA "any part of any funds available for carrying out the purposes of this Act," including the procurement of services. The \$4.0 million in FY 1982 funds will be advanced to ICA upon the signature by both parties of the Memorandum of Agreement. ICA, in turn, will establish a funds control mechanism in accordance with its own financial procedures.

F. Evaluation Plan

Two AID evaluations and a study will be scheduled for the project. ICA staff will be invited to participate actively in both evaluations. The first evaluation, a formative evaluation, is scheduled for January 1983, approximately six months into project implementation. The focus of the formative evaluation will be to validate the mode of project implementation, i.e., the effectiveness of ICA's administrative direction of grantees charged with implementing the scholarship program. AID will also, necessarily in collaboration with ICA, evaluate the capability of the grantees to recruit, screen, select and place black South African students in U.S. universities and colleges. The results of this evaluation will be used to assess implementing procedures and grantees' performance for utilizing subsequent funding for this project. Also, if there are deficiencies in the scholarship program, remedial actions will be recommended which can be undertaken within the remaining life of the project. This evaluation will take approximately 4 weeks, including discussions with ICA/W and the grantees, contacts with ICA field staff and participating South African entities, and preparation of the report.

A final, or summative, evaluation will be scheduled in the last year of the academic programs of the students entering in September 1982, estimated to be FY 1986. There will be two important components of the evaluation. One component will be a summary analysis and evaluation of the extent to which the scholarship program has had a measurable effect in providing quality education to participants, which prepares them for professional and skilled employment in South Africa. Data and analysis generated by ICA and the grantees during the life of the project will provide the core of information required for this component. The other component of the summative analysis will be to measure qualitatively the extent to which the project output may indicate accomplishment of the project purpose. Approximately 5-6 weeks of effort will be required. Membership on the evaluation team will be determined when the evaluation terms of reference are being formulated.

AID is also prepared to fund a study to analyze, in quantifiable detail the "pool" of disadvantaged South Africans for whom this project is intended. AID and ICA will consult on the terms of reference and mode of study, which should be conducted in Fall-Winter 1982 to enable timely decisions on the program beyond FY 1983. The study will be funded with AID project design funds.

G. Conditions, Covenants and Negotiating Status

AID has been discussing the project informally with ICA and private organizations. On the basis of these discussions, ICA has agreed in principle to assume the administrative

direction of the project and to make grants to one or more private organizations for implementing the scholarship program. The Memorandum of Agreement will include the following covenants:

1. Students will be processed to arrive for Fall, 1982 enrollment.
2. FY 1982 grants will be made to those organizations that have submitted unsolicited proposals.

In informal negotiations, these covenants were acceptable to ICA. No difficulty is anticipated in negotiating and signing the Memorandum of Agreement concurrent with authorization of this project.