

PD-ABL-644

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/SOUTH AFRICA



Tel: (012) 323-8869

P.O. Box 55380
Arcadia, Pretoria 0007

Fax: (012) 323-6443

13 AUG 1993

August 13, 1993

Mr. Basil Jones
Project Coordinator
Handspring Trust for Puppetry in Education
1 Magnet Street
Kensington
2094

Subject: South Africa Basic Education Reconstruction Project; Grant Agreement with Handspring Trust for Puppetry in Education; Agreement No. 674-0314-G-SS-3090-00

Dear Mr. Jones,

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 Handspring Trust for Puppetry in Education (hereinafter "Handspring" or the "Grantee") and obligates the sum of \$585,000 to provide support for a program described in Attachment 1, entitled "Schedule," and Attachment 2, entitled "Program Description," of this Agreement.

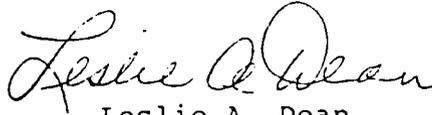
This Agreement is effective and obligation is made as of July 1, 1993. The Agreement shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning on July 1, 1993 and ending June 30, 1995.

This Agreement is entered into with the Grantee on the condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, "Schedule," Attachment 2, "Program Description," Attachment 3, "Standard Provisions," Attachment 4, "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.

BEST AVAILABLE DOCUMENT

We request that you and a member of Handspring's Board of Trustees 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: Aug 13, 1993

ACKNOWLEDGED AND ACCEPTED

Handspring Trust for Puppetry in Education

By: Basil Jones
Title: Project Coordinator
Date: _____

By: Robert Segall
Title: Board of Trustees
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)

ATTACHMENT 1
SCHEDULE

I. OVERVIEW OF AGREEMENT

This Agreement provides funding to the Handspring Trust for Puppetry in Education, a non-governmental, non-profit, non-racial, non-sexist organization established to develop projects in theater, film, television and radio based initially on the medium of puppetry to popularize and 'informalize' educational material. The Trust's first major project is a multi-media science education program being produced in conjunction with the Primary Science Program (PSP) which is aimed at disadvantaged black African primary school children and their teachers.

Through this Agreement, USAID will support the development and production of the project's primary science radio programs and a science comic book series for black school children.

II. PERIOD OF AGREEMENT

The effective date of this Agreement is July 1, 1993. Unless otherwise agreed to by USAID in writing, the expiration date is June 30, 1995, meaning that no USAID funds under this Agreement shall be applicable to goods not furnished or services not performed for the program by this date.

III. AGREEMENT FUNDING AND PAYMENT

A. USAID hereby obligates the amount of U.S. \$585,000 for eligible program expenditures under this Agreement.

B. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 - Additional Standard Provision 1, entitled "Payment - Periodic Advance," and as provided for 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 more detailed illustrative financial plan.

Table 1

Illustrative Financial Plan
South African Rand (SAR)

<u>Item</u>	<u>Total</u>
Compensation (salaries)	490,356
Travel and Per Diem	42,400
Consultants	186,310
Other Direct Costs	698,935
Evaluation	50,000
Audit	40,000
Subtotal	1,508,001
Overhead (8.62%)	130,000
TOTAL	1,638,001

B. Level of Assistance

The total Rand amount in the Illustrative 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 R2.80 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 in a timely manner written, semi-annual progress reports to USAID on activities funded and general performance under the Agreement. The semi-annual

reports 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. These reports will cover the periods between April 1 - September 30 and October 1 - March 31. The Grantee will also submit, in a timely manner and in a format to be agreed upon by both parties, a written final report on all activities financed by the Agreement.

VI. OVERHEAD RATE

A predetermined overhead rate of 8.62% of all direct costs applies to this Agreement to support Handspring'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 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. 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 African, "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 African, "colored" or Asian descent. The Republic of South Africa includes the so-called "independent" and "self-governing" homelands.

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

There shall be no disbursement of any Agreement funds until a follow-up financial review has been conducted and USAID determines that the Grantee has adequate financial management capability to administer Agreement funds. Handspring will inform USAID, in writing, when they are ready for the follow-up financial review so that it may be scheduled and conducted.

X. STANDARD PROVISIONS

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

ATTACHMENT 2
PROGRAM DESCRIPTION

I. SUMMARY

This Agreement provides funding to the Handspring Trust for Puppetry in Education, a non-governmental, non-profit, non-racial, non-sexist organization established to develop projects in theater, film, television and radio based initially on the medium of puppetry to popularize and 'informalize' educational material. The Trust's first major project is a science education program being produced in conjunction with the Primary Science Program (PSP) and is aimed at disadvantaged black South African primary school children and their teachers. Through this Agreement, USAID will support Handspring's development of the primary science radio programs and comic book series, including scriptwriting, workshopping with DET teachers and children, and testing the programs and materials.

II. BACKGROUND

A. South Africa Basic Education Reconstruction (SABER) Project (674-0314)

1. Objectives

The purpose of SABER is to increase and strengthen innovative educational models and policy systems which improve the quality of primary education for historically disadvantaged South Africans.

2. Activities

The SABER project focuses on improving the quality of pre-primary and primary education in the following areas: 1. teacher training; 2. curriculum development; 3. school administration; and 4. materials and technology provision. Some of the cross-cutting issues addressed include: improvement of NGO and, eventually, new government monitoring capacity; promotion of nonsexist role models; and development of new educational policies.

B. Handspring Trust for Puppetry in Education

The Handspring Trust for Puppetry in Education is a non-profit, non-racist, non-sexist organization established in 1992 by the Handspring Puppet Company. Handspring's pilot program, Spider's Place, is the first in a series of thirteen programs and has been produced in "township English" and sporadic use of an African language to help children identify with the characters. The programs are developed through workshops conducted with children and teachers in DET schools. Its approach is to begin addressing the problems in science

education through the provision of quality educational resources. The purpose of the project is to encourage children's interest and pleasure in science; to address fundamental misconceptions that children develop; to promote the development of thinking skills and problem-solving strategies; and to support the teachers in their need for appropriate training to use these resources effectively. It clearly fits with the need to create a culture of learning in the sciences. An independent evaluation of the pilot series confirmed that the program is successful in changing the misconceptions children have, and that it assists in developing problem-solving skills.

Handspring's proposal requests support for the development of the science radio programs and comic book series, including scriptwriting, workshopping the series with DET teachers and children, and testing the programs and materials. In keeping with our policy not to fund audio-visual productions, USAID will not fund any part of the video or television costs.

III. PROBLEM

The impoverished nature of black education in South Africa is well-known. Ninety per cent of black South African science teachers are under-qualified and over 90% of black South African students study biology rather than Physical Science. Of particular concern is the low number of girls who study science. Although much innovative resource development has taken place in the last decade, especially through the work of non-governmental organizations, none of these efforts attempt to combine the audio-visual and the printed media with a view to changing the educational environment, in this case for science education. Furthermore, the improvement of teacher training, particularly for primary science teachers, remains a critical issue. Many more resources are needed to train teachers and provide them with materials they are comfortable using.

Handspring's approach is to begin addressing the problems in science education through the provision of innovative quality educational resources which can make an impact on black primary school children and their teachers by demonstrating that science can be a creative process, fun and accessible to all. The approach makes use of well-established research which demonstrates that children's ability to learn will be influenced by the extent to which their preconceptions about the subject matter are acknowledged and addressed. The thrust of the project is to encourage children's interest and pleasure in science; to address fundamental preconceptions that children develop before starting their science studies; to promote the development of thinking and problem-solving strategies; and to support the teachers in their need for appropriate training to use these resources effectively.

IV. PURPOSE

This Grant will assist the development of a multi-media science education program for black South African primary school children.

V. PROGRAM DESCRIPTION

USAID's assistance will provide funding for a) the development of the radio programs; and b) development and production of the comic series.

A. Project Activities

This Agreement provides funding for the following activities:

1. Radio Science Program

Handspring's multi-media, primary science education program consists of a series of thirteen (13) half-hour TV and radio programs, a carefully researched comic book series and other program support materials for children and teachers. The development and production of the radio programs will be financed under this Grant to reach into the most rural areas of the country. The programs will be broadcast during school time directly into the classroom and will interact with both children and teachers.

The various topics in the series relate to the physical science syllabus for Standards 3, 4 and 5. The program will be conducted in concert with existing programs.

2. Comic Series

The development and production of a comic book series with all of the exaggerated sound effects developed through comic art will supplement the radio programs. The Grant will fund six (6) of the comics which can be used as stand alone supplements to the science curriculum or in conjunction with the radio series. In addition, six activities workbooks will be produced to accompany the comic book and radio episodes. These workbooks will be in comic book form and will provide the teachers and students with follow-up activities to reinforce the science concepts introduced in the episodes.

B. Financial Plan

USAID funding to Handspring under this Agreement will assist with salary support and benefits, travel and per diem, consultants, other direct costs, audit, evaluation and overhead expenses, as described below:

1. Salaries: The following salaries will be funded under this Grant.

a) Project Coordinator: This staff member will be responsible for administration and coordination of the project on a day to day basis.

b) Artistic Director: This person will be responsible for the overall artistic direction and execution of the project activities, including the development of the radio programs and comic series.

c) Science Educator: A full-time science educator will be hired to advise all aspects of the project on the science concepts used in developing the scripts and materials.

d) Director of Radio Production: One part-time staff member will be hired to direct the production of the radio program.

e) Actors: Eight actors will be funded on a part-time basis to do the voices for the radio programs.

f) Sound Engineer: One part-time staff will be responsible for recording and mixing of the sound effects for the radio program and will ensure the quality of the sound reproduction.

2. Travel and Per Diem

Under this budget line item, USAID will provide funding to transport children when necessary to workshops. This will also include funding for local travel and airfare required for staff and consultants involved in the development and production of the radio and comic series, as well as participation in workshops. Taxi expenses may also be reimbursed for local travel. In addition, per diem will be provided as necessary.

As per Section IX.D. of Attachment 1 of this Agreement, Handspring will either provide USAID with a copy of its travel and per diem policy or it will abide by official U.S. Government travel regulations.

3. Consultants

This line item will fund consultants who can advise on all aspects of the project, including literature reviews, diagnostic testing of the children, script development workshops, facilitators for the workshops, African language script and sound effects.

4. Other Direct Costs

a) Script Workshops

This Agreement will fund the costs associated with conducting workshops with DET children and teachers to develop scripts for the radio and comic series. Such costs will include materials, supplies and the venue.

b) New Sets and Puppets

For purposes of developing the series of adventures and characters on which the comic series and radio program is based, this Grant will partially fund materials necessary for producing new sets and puppets.

c) Staff Development and Training

To strengthen the capabilities of Handspring's black staff members, funding is provided for registration and other fees for attendance at conferences/workshops/seminars, short courses in media, and networking with other media groups.

d) Special Supplies and Software

A small amount of funding is included to purchase special supplies and/or software necessary for production of the radio or comic series and for monitoring the overall Grant Agreement.

e) Comic Production

As described in under "Project Activities" above, this Grant will fund the development and production costs of six (6) episodes of the science comic series. In addition, funding is included for six activities workbooks which provide follow-up activities to reinforce the science concepts introduced in the comic and radio series.

f) Printing

Funding will support the costs of printing the comic book series. Approximately 35,000 comics will be printed through this funding.

5. Evaluation

The Agreement will fund a comprehensive evaluation of Handspring's program, with a focus on project impact. The scope of work, evaluation team and budget for the evaluation will be mutually agreed upon by Handspring and USAID at a later date.

6. Audit

Funding is provided within the Agreement for an independent audit to be conducted at the end of each of Handspring's fiscal years.

7. Overhead

A predetermined overhead rate of 8.62% of the total estimated costs will be applied to this Grant to support Handspring's programs. These support costs include such items as office space, insurance, maintenance, administration, printing, phone

and fax. This results in payment of R130,000 over 24 months between July 1, 1993 and June 30, 1995 and will be disbursed quarterly in equal amounts of R16,250. This rate can be renegotiated based on mutual agreement between Handspring and USAID. USAID will not fund major capital expenses, such as vehicles, buildings and major equipment.

VI. ILLUSTRATIVE FINANCIAL PLAN

On the following pages, detailed financial tables are provided in support of the Agreement Financial Plan found in Attachment 1, Section IV, which is the binding financial plan for purposes of the Agreement.

12% inflation/year

Handspring Trust
Table 1
Detailed Illustrative Budget
South African Rands

LINE ITEM	YEAR 1	YEAR 2	TOTAL
1. Salaries and Benefits			
a) Project Coordinator	79,200	88,704	167,904
b) Artistic Director	79,200	88,704	167,904
c) Science Educator	46,200	51,744	97,944
d) Dir. Radio Product.	6,000	6,720	12,720
e) Actors - radio x 8	14,700	16,464	31,164
f) Sound Engineer	6,000	6,720	12,720
SUBTOTAL	231,300	259,056	490,356
2. Travel and Per Diem	20,000	22,400	42,400
3. Consultants	88,580	97,730	186,310
4. Other Direct Costs			
a) script workshops	2,800	3,135	5,935
b) new sets & puppets	80,000	0	80,000
c) staff Devel/training	35,000	39,220	74,220
d) Spec. supplies/soft.	6,500	7,280	13,780
e) Comic production	400,000	25,000	425,000
f) Printing	50,000	50,000	100,000
SUBTOTAL	574,300	124,635	698,935
5. Evaluation	0	50,000	50,000
6. Audit	20,000	20,000	40,000
TOTAL EST. COSTS	934,180	573,821	1,508,001
7. OVERHEAD EXPENSE (8.62)	65,000	65,000	130,000
TOTAL COSTS PLUS OVERHEAD	999,180	638,821	1,638,001 \$585,000

BEST AVAILABLE DOCUMENT

14

ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SOUTH AFRICA

DATE: July 15, 1993

FROM: William G. Duncan, Chief, PHRDO

SUBJECT: South Africa Basic Education Reconstruction (SABER) Project (674-0314); Handspring Trust for Puppetry in Education; Agreement No. 674-0314-G-SS-3090-00

I. PROBLEM

Your approval is required to obligate U.S. \$585,000 of FY1993 funds under the South Africa Basic Education Reconstruction (SABER) Project (674-0314), through a Grant Agreement with the Handspring Trust for Puppetry in Education, 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

The Handspring Trust for Puppetry is a non-governmental, non-racial, non-sexist organization established by the Handspring Puppet Company to develop projects in theater, film, television and radio based initially on the medium of puppetry to popularize and 'informalize' educational material. The Trust's first major project is a science education program being produced in conjunction with the Primary Science Program (PSP), and with the full cooperation of the ANC's Science and Technology Group and the ANC Department of Education. The project is a comprehensive science education program supported by a comic book series and is aimed primarily at disadvantaged African primary school children and their teachers. A radio program series is also being developed to reach the majority of black children who do not have access to television or video.

The pilot program, Spider's Place, is the first in a series of thirteen programs and has been produced in "township English" and sporadic use of an African language to help children identify with the characters. The programs are developed through workshops conducted with children and teachers in DET schools. Its approach is to begin addressing the problems in science education through the provision of quality educational resources. The purpose of the project is to encourage children's interest and pleasure in science; to address fundamental misconceptions

that children develop; to promote the development of thinking skills and problem-solving strategies; and to support the teachers in their need for appropriate training to use these resources effectively. It clearly fits with the need to create a culture of learning in the sciences. An independent evaluation of the pilot series confirmed that the program is successful in changing the misconceptions children have, and that it assists in developing problem-solving skills.

Handspring's proposal requests support for the development of the radio programs, comic series, scriptwriting, teacher training, workshops and testing. In keeping with our policy not to fund audio-visual productions, USAID will not fund any part of the video or television costs.

The teacher training, development and dissemination of innovative models, and assistance in science curriculum and material development for primary school children support SABER's goal to assist in developing a democratic, nonracial, compulsory, unitary education system in South Africa. Handspring's activities also contribute to HRDD's programs targets: increasing the number of qualified and skilled black South Africans; developing, evaluating and disseminating models of innovative approaches; and ultimately, contributing to the education policy debate. In addition, Handspring's work will impact on primary science education and the culture of learning while providing a replicable model for the new South African education system.

HRDD has reviewed the pilot series and evaluation and requests two-year funding to continue the development and production of this science series. In addition, we request that the funding be retroactive to July 1, 1993 since Handspring submitted its proposal in February, 1993, was approved for funding in May 1993 and has already begun work on its radio and comic series. Handspring is in no way responsible for delays in finalizing this Grant Agreement.

IV. ISSUES

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

A. Action Plan and Strategic Objectives - This proposed Agreement was discussed during the FY93 SABER Action Plan review dated May 27, 1993 and approved. This activity is consistent with USAID/South Africa's strategic objective to "prepare disadvantaged South Africans to establish an equitable and effective educational system" and three of the program targets: 1) increase the number of qualified and skilled black South Africans; 2) develop, evaluate and disseminate models of innovative approaches to education; and 3) contribute to the policy debate on the future of South African education.

Handspring is conscientiously moving forward in Affirmative Action. The Board of Trustees is racially mixed; the science coordinator, management and administrative staff are black South Africans. Six out of eight puppeteers are black and will have a three week training course before the series begins. Three black South Africans are involved in the diagnostic testing of the series. Black children from the Foundation School are involved in an on-going series of Drama in Education workshops centered on developing their problem-solving skills and their ideas on each science topic, and these workshops are facilitated by three black South Africans. A Natal playwright, Boetie Mota, is writing the Zulu sections of the pilot radio program.

B. Grantee's Illustrative Budget and Cost Negotiation - The Human Resources Development Division (HRDD) conducted verbal negotiations with Handspring to establish its priorities for funding. Costing included examining the proposed salaries which, according to our consultations, are similar to those of equivalent positions in other non-governmental organizations in the same field. Based on this review of the budget and costs, HRDD determines that these costs are reasonable and appropriate for a grant of this nature.

C. Noncompetitive 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." Handspring has submitted an unsolicited proposal, and it is the determination of the HRDD that the activity is "unique, and innovative". Handspring is the only organization developing a multi-media science program for disadvantaged primary school children. The radio and comic portion of the program have tremendous potential for outreach to black children throughout the country. Because this activity is consistent with USAID program objectives, and is so unique and innovative, acceptance of the Handspring proposal would be fair and reasonable and would represent an appropriate use of USAID funds.

D. Technical and Management Capability - It is the 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 HRDD's review of Handspring's pilot science series on "Light", positive and enthusiastic feedback from numerous South African educationalists who also reviewed the series, and review of the evaluation report which assessed the impact of the series on children's scientific concepts.

E. Financial Management Capability - A financial review of Handspring's financial management systems was conducted in May, 1993 by Chartered Accountants, Pema Lakha & Associates. Several Internal Control weaknesses were noted for Handspring to address, and the Controller's office recommended that a follow-up review be conducted. Handspring has received a copy of the financial review and has completed implementation of the recommendations. They have contacted the Project Officer to set up the follow-up review which will be conducted before September 30, 1993. HRDD is confident that Handspring has complied with the recommendations and does not expect problems in the follow-up review. We recommend signing the Agreement this fiscal year as postponement in funding will cause considerable delay in the development and implementation of the science project. A satisfactory financial review is a condition precedent to disbursements and will be so stated in Attachment 1 of the Grant Agreement.

F. 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 Handspring only receives limited donor funding and does not solicit or receive contributions from the general public.

G. Grantee Contribution - A Grantee contribution of not less than 25% of the total project costs has been provided. Project vehicles, office equipment, supplies and furnishings, all vital to the running of the program, are provided by the Grantee.

H. Sustainability - The Grantee is committed to becoming self-sustaining. In the future, Handspring plans to provide its program at no cost to Department of Education and Training (DET) schools, and to use a sliding scale fee for other schools. The Trust has also obtained interest from several other surrounding southern African countries for use of the science series. The wider the use, the cheaper the cost of production.

I. Standard Issues

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

2. Payment 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 organizations'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 the 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 Handspring by signing below; and (3) execute said Agreement, as attached, by signing on the appropriate page and line indicated.

Approved: _____

Leslie A. Dean
Leslie A. Dean
Director
USAID/SA

Disapproved: _____

Date: _____

August 13, 1993