



Embassy of the United States of America

PDBBY994

USAID/South Africa

May 13, 1991

Mr. Stephen Black
Managing Director
Junior Achievement Southern Africa
P.O. Box 784480
Sandton
2146

Subject: Junior Achievement Southern Africa
Agreement No: 674-0303-G-SS-1024-00

Dear Mr. Black,

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 Junior Achievement Southern Africa (hereinafter "JASA" or the "Recipient") and obligates the sum of \$537,000 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 on the effective date of this letter and ending October 31, 1994.

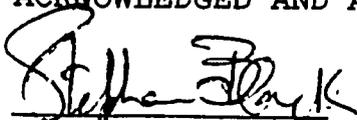
This Agreement is entered into with JASA on the condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, "the Schedule," Attachment 2, "Program Description," and Attachment 3, "Standard Provisions." This letter and the three attachments just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

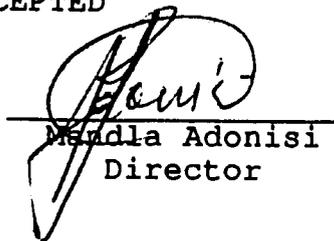
Please sign the original and one (1) copy of this letter and then return the original to USAID/Pretoria.

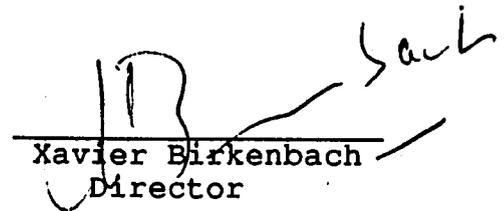
Sincerely,


Dennis P. Barrett
Director

ACKNOWLEDGED AND ACCEPTED


Stephen Black
Managing Director


Mandla Adonisi
Director


Xavier Birkenbach
Director

Attachments:

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

ATTACHMENT NO. 1
SCHEDULE

I. OVERVIEW OF AGREEMENT

A. Goal/Purpose of Agreement

The goal of the JASA project is to increase the rate and magnitude of economic empowerment of disadvantaged South Africans. The purpose is to provide young blacks with insight into business within a competitive private enterprise system, and to develop and nurture the interest of black youth in the operations of a business and the role of the private sector. The purpose will be achieved by: a) providing an opportunity to create and run profit seeking enterprises; and b) developing instructional high school-level courses in business-related areas.

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 in writing by USAID, the expiration date is December 31, 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. The total estimated amount of USAID funds to be provided under this Agreement for the period beginning with the effective date of this Agreement and ending December 31, 1994, is US \$ 1,798,000.

B. A.I.D. hereby obligates the amount of US \$537,000. Additional funds up to the total estimated amount of USAID funds to be provided under this Agreement, as shown above, may be obligated by A.I.D. subject to the availability of funds, and to the requirements of Attachment III., Standard Provisions entitled "Revision of Financial Plan."

IV. FINANCIAL MANAGEMENT

A. JASA 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. JASA shall deposit all USAID cash advances into, and shall make all disbursements for goods and services from, this separate account. Execution of this Agreement constitutes USAID approval of the advance contained in Attachment IV, Part 1.

All cash advances shall be liquidated on a quarterly basis.

B. Any interest exceeding the Rand equivalent of U.S. \$100 per annum earned from funds provided under this Agreement must be returned to USAID at least quarterly. Up to the Rand equivalent of U.S. \$100 in interest earnings per annum may be retained by the Recipient to cover administrative costs such as bank charges on the separate account.

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

1. Cash Advance Status Report in the format illustrated in Annexure B to this Schedule.
2. 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 canceled check, a payroll sheet signed by the employee.

V. FINANCIAL PLAN

A. Illustrative Financial Plan

The Illustrative Financial Plan for this Agreement is set forth in Tables 1 and 2 of Annexure A to this Schedule. 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 (sub-section amounts as described in Annexure A to Attachment No. 1, Table 1), provided that USAID is notified of such deviations in the Recipient's next Disbursement Report. However, advance approval in writing by the USAID/South Africa Director is required for the following: a) any deviation above 15% for sub-section amounts; b) any increase in the budget sections designated by Roman numerals (primary line items); c) any increase in the total Grant.

II. BACKGROUND

A. Black Private Enterprise Development Project

Racially discriminatory laws and regulations have, over generations, allowed whites to dominate South Africa's economy and institutionalize apartheid through monopolistic control of resources. Such control has limited the entry of blacks into business, particularly in the industrialized sector, and into management positions. It has also led many blacks to link apartheid with capitalism.

This legacy of "racial capitalism" will only be overcome through increased black involvement in all levels of the economy. Those who have been disadvantaged by current policies and business practices must have the opportunity to see that private enterprise can offer increased access to goods, services, employment and an improved standard of living. Moreover, the impetus for equitable participation in South Africa's economy must come from existing as well as potential black entrepreneurs and business persons; after generations of discrimination, reforms and development programs imposed by those seen as responsible for black oppression will be viewed skeptically or discredited.

In response to the unique demands of this environment, in September, 1987, USAID/South Africa launched a ten-year Black Private Enterprise Development (BPED) Project. The purpose of this Project is to address the inhibiting effects of discrimination by providing institutional support to black business support institutions, by assisting micro and small black enterprises and by facilitating black entry into the mainstream economy.

BPED was designed as an umbrella project under which assistance is rendered to South African non-governmental organizations supporting the development of black private enterprise. This approach allows USAID/South Africa to respond to initiatives in the private sector, rather than play the type of prescriptive role in private enterprise development that could be perceived as interventionist. It also provides sufficient flexibility to respond to opportunities as they arise, a critical attribute in an unstable and unpredictable environment. Furthermore, it contributes to the institutional development of legitimate, community-based organizations, thereby positioning such groups to play a more effective role both in the present and in a future, post-apartheid society.

B. Junior Achievement Southern Africa (JASA)

1. General

JASA was established in 1980 by the Centre for Developing Business of the Wits Business School. Its primary activity is the implementation of the Junior Achievement Programme, an experiential business education program in which students drawn from all communities establish and run real mini-companies. Now in its tenth year of operation, JASA is a well-honed program which, given the socio-political and economic structure of this country, fulfills a crucial role in advancing economic empowerment in disadvantaged communities by building an understanding of business.

2. Funding

All of JASA's revenue comes from donations by corporate sponsors. Since 1984, the JASA has been recognized by the Signatory Association as an acceptable program for companies to support for Code of Practice (formerly Sullivan Code) rating purposes. Up until 1987 the profile of sponsors was about 75% foreign owned corporations and 25% South African companies, but due to the disinvestment drive this proportion is currently around 45% foreign and 55% South African. Generally speaking, sponsoring companies are either Code of Practice signatories or organizations which espouse a strong socially concerned business philosophy.

3. JASA Purpose and Objectives

The purpose of JASA is to provide young people with an insight into business within a competitive private enterprise system. Its primary objectives are:

- * to facilitate business education and economic empowerment in a wide spectrum of the country's youth; and
- * to give black and white schoolchildren the opportunity to work together towards a common goal - to create wealth by running a successful business.

4. JASA Coverage and Size

Since JASA's establishment, 658 mini-companies have been operated from 13 centers across the country by a

total of 17,670 achievers. In the process, 2,632 advisors from over 100 companies have participated as mentors. At present, JASA has 20 full-time and three part-time staff members. It currently operates out of centers serving Johannesburg, the East and West Rand, the Vaal Triangle, Witbank-Middleburg, Pretoria, Durban, Pinetown, Amanzimtoti, Port Elizabeth, Uitenhage, Cape Town, East London and Pietermaritzburg.

In 1990, the program was transferred to a Company Not For Gain. In order to obtain tax relief on donations from companies, donated monies are channelled through an educational trust. The motivation for this move was to enable the program to expand and to develop an identity of its own, free from the administrative and organizational restrictions of a university-based activity.

5. JASA Organizational Structure

The JASA head office in Parktown, Johannesburg is staffed by the Director, administrative secretary/personnel officer and a part-time bookkeeper. The head office handles the administration of the organization and deals with the sponsoring organizations. It is also responsible for program promotion, program development and setting up and coordinating the various centers. Each center is staffed by one or more co-ordinators who oversee the daily operation of the programs. They are responsible for dealing with the students, their parents and schools and the recruitment, training and support of advisors. There are three Regional Co-ordinators in the Cape, Natal and Transvaal.

6. Program To Date

JASA to date has consisted of an experiential business education program in which high school students create and operate mini-companies. The model on which it was based, Junior Achievement USA (JA/US), is the oldest, largest and fastest growing not-for-profit business education program in the world. Over the years of the program's implementation in South Africa, it has constantly been modified and adapted, from US and Canadian material, to suit the local situation. Similar programs are run in about twenty other western countries.

The program furthers the interests of the black community by:

- a. Promoting cross-cultural understanding through the establishment of non-racial working relationships.
- b. Nurturing personal development through team building and operations in pursuit of common economic goals.
- c. Fostering an understanding of market economics, the wealth creation process and business operations via a real world situation.
- d. Providing role models and transferring expertise and experience through the use of company managers as mentors/advisors.

III. PROBLEM

A. Black Business in South Africa

Decades of racial discrimination in South Africa have marginalized black control over economic resources and severely restricted the entry of blacks into the mainstream of the economy, particularly in management capacities. Though representing 75% of South Africa's population, the black sector of the population contributes a negligible percentage to the Gross National Product and has been almost wholly shut out of critical areas such as mining, agriculture, manufacturing and even retailing. While hopes of redressing these patterns have been raised by government and corporate reforms in recent years, black enterprise remains burdened by laws and discriminatory practices inimical to economic freedom.

One of the worst and most obvious manifestations of apartheid in South Africa has been the economic disempowerment of blacks. In a land of rich resources and sophistication, black economic participation has been systematically relegated to wage earnings and small scale retailing. The gap between the black and white economies is huge and must be bridged if a future post-apartheid South Africa is to truly become a single nation possessing the potential for economic and political stability and justice.

B. Specific Issues in the Black Economy

Apartheid has deprived blacks of knowledge about economics

Apartheid has deprived blacks of knowledge about economics and the importance of competitive markets and has restricted their access to business experience and expertise. This deprivation begins from the earliest ages, in the black home, where role models are in short supply, and continues on into the school years, when apartheid-based education poorly prepares students in general and all but ignores economics.

Formal schooling in South Africa, especially in non-white schools, does not prepare young people for an active role in the economy of the country. Black students in particular suffer the double burden of an inappropriate syllabus and a chaotic school system. Even students who have the opportunity to take a subject such as business economics are likely to be taught by poorly qualified teachers with little or no experience of business.

Black economic empowerment is hampered by both an inadequate formal business education and a virtually nonexistent informal business education. Very few black children have parents who are business owners or are in managerial positions. Indeed, the average school-leaver's only exposure to business is as a customer. For real black economic empowerment to take place, it is essential that young blacks experience and understand the way in which business works.

An equally important factor inhibiting people from disadvantaged groups from advancing economically is the lack of socialization between whites and blacks. Few school leavers have had any significant contact with young people from other racial groups, much less any experience of working together towards a common goal. Prejudices are seldom challenged and potentially valuable friendships never have a chance to form.

The JASA program provides a unique opportunity for blacks to develop an understanding of market economics and the wealth creation process in an applied, real world situation; it promotes the development of non-racial working relationships; and it nurtures personal development through team building based on the pursuit of common economic goals. There are simply no other opportunities for black youths to be exposed to market systems and practices in such a positive, constructive manner.

C. Issues Confronting JASA

In order to meet its goal of providing business education and experience to as many young black South Africans as possible, JASA must expand its program. It is planned that nearly 4,000 achievers will participate in the program in 1991. Plans have been made to triple this figure within three years. However, this growth requires both JASA itself and the level of corporate sponsorship to grow apace.

Over the past few years, JASA's programs have grown faster than the capacity of its systems and infrastructure. The present staff are over-extended. The program is also undermanaged since the management burden falls largely on a single person, the Director. There is thus an urgent need to expand the managerial capacity of the organization. There is also an urgent need to develop further programs. JASA plans to introduce an instructional program for black pupils in their 8th year of school. Once developed, this program would reach a large number of children, and it would help to produce a greater number of better qualified candidates for the experiential program.

IV. GOAL/PURPOSE

The goal of the project is to increase the rate and magnitude of economic empowerment of disadvantaged South Africans. The purpose is to provide young blacks with insight into business within a competitive private enterprise system, and to develop and nurture the interest of black youth in the operations of a business and the role of the private sector. The purpose will be achieved by: a) providing an opportunity to create and run profit seeking enterprises; and b) developing instructional high school level courses in business-related areas.

V. PROGRAM DESCRIPTION

A. Basic Framework

JASA is seeking to expand black business education by:

- * expanding its experiential business education program and developing new instructional programs;
- * strengthening its organizational capacity to effectively manage program expansion and to provide greater management opportunities for blacks within the organization; and

- * conducting research into the impact of its programs on black students.

This Agreement will provide JASA with the means to achieve these goals. Total estimated financing for the Agreement over its 3.5 year life is \$1,798,000. The key outputs flowing from such resources will be:

- * Approximately 8,800 black school children will gain practical experience in wealth creation through the establishment and operation of a market-oriented small business;
- * Approximately 200 black school children will receive academic training in economics and business topics in a classroom setting resulting from the development and testing of instructional programs;
- * The infrastructure of an important institution will be expanded to support a significant increase in business education opportunities for black youth; and
- * The participation of blacks in the management of this institution will be significantly increased to the point that at least 50% of senior management and at least 60% of field management will be black by the end of the Agreement.

B. Specific Agreement Program Components

1. BUSINESS EDUCATION

The Agreement will finance the expansion of JASA's business education activities which predominantly impact black students. This will enable JASA to increase the number of participants in its experiential program and to develop and test new, instructional courses. Within the budgetary parameters set forth in Tables 1, 2 and 3 of Annexure A to Attachment No. 1, the Agreement will finance reasonable expenses in the categories described below. All claims for such expenses must be allocable, pro rata, to this component of the project.

Experiential Program

a. Description

Junior Achievement Program: This program employs proven business education methodology. Currently, it consists solely of an experiential extra curricula

after-school program in which high school students ("achievers"), under the guidance of volunteer business advisors, start a company, elect a management team, sell stock, produce and market a product and finally liquidate the company and distribute the profits. Under the proposed JASA program, this activity will be expanded to impact a greater number of black students and will be supplemented with instructional courses developed to provide black students with formal academic business education.

Participants in the program are recruited and selected with the assistance of their schools. In black communities, where schools are often disrupted, JASA works closely with community groups and education centers to select participants. The fact that the program continues uninterrupted, despite unrest and boycotts, is indicative of its perceived value within the community.

The scholars who run each mini-company meet for three hours, one evening per week over an 11 week period. Share capital is raised by issuing 50 share certificates of R2 each. Students who want to be considered for one of the management positions must argue for their suitability in writing and make an election speech before the group. A board of directors is elected and workers roles are designated.

The company undertakes market research, designs a product, secures suppliers for the raw materials, and then develops and manufactures actual products. These products are sold at school, at home, at markets or elsewhere. In the final week, the company is liquidated, final wages are paid, shareholders' capital and dividends are distributed, and a report to the shareholders is issued. Sales, profits and efficiency indices are displayed on a noticeboard so that companies are able to compare their performance relative to one another.

As far as possible, realism is emphasized. For example, on the financial side, a bank account is opened and operated, a cashbook, invoice book and bank deposit book are maintained; invoices are issued for all sales; cheques are issued to purchase materials; a balance sheet and income statement is prepared.

Other examples of the activities experienced by the students include: all decisions are made by the

company; advisors gradually reduce their level of supervision over the 11-week period; a production line is set up and operated; salaries are paid; a lease agreement is signed and rental is paid; absenteeism without permission results in dismissal; a final shareholders' report is prepared.

For the achievers, the program provides an insight into business and the workings of a competitive market. It also helps to strengthen their understanding of cause and effect relationships within an economic context. An important benefit is that it allows the achievers to work together with people from other racial groups - for many, their first close contact with young people of a different race. At present, half of the achievers are black. JASA intends to increase the proportion of black participants to 70% within three years. Better opportunities for black achievers to gain exposure to business before the program (e.g. via the new instructional program described below) make it feasible to increase the relative size of black participation. The benefits to the achievers include:

- * An understanding of how a business functions - its organization, operation and management. Thus, black achievers entering the world of work will have an advantage over white non-achievers.
- * An understanding of the process of wealth creation in a competitive market economy. Besides helping achievers in formal employment, this can also help some achievers to set up their own businesses.
- * An ability to work as a team and make decisions democratically (through the committee system), and an appreciation of the benefits of doing so. Achievers are empowered in both business and social situations.
- * The development of business skills such as interviewing, conducting meetings, record keeping, making presentations, money handling, personal selling, planning and production line management.
- * As an experiential learning process, JASA is particularly well suited to developing skills which are neglected in formal schooling - assessing a situation, diagnosing problems, devising solutions, making decisions and monitoring progress. These skills can be applied

at school and in future jobs. For black achievers, whose schooling system is based on rote learning, this is particularly valuable.

- * The development of personal qualities such as leadership, self-confidence and initiative. For many black achievers, this is the only opportunity to acquire these skills in a non-racial environment.
- * Meeting friends from different social and political backgrounds. JASA is often the only way of doing this.
- * Achievers report that their school work (economics, accountancy and mathematics) is more relevant in the light of their experience. Some say that JASA helped them to make difficult study and career choices.
- * Selection for the JASA program is an achievement, and can be helpful when applying for jobs or bursaries.

b. USAID-Funded Activities

Under the Agreement, the costs related to the establishment, operation and closure of mini-companies under the expanded experiential program will be financed:

- i. Up to the maximum amount of USAID/SA funding in any project year as specified in Attachment No. 1, Annexure A, Table 3;
- ii. Adjustable in each subsequent trimester based on the formula described in the note to Attachment No. 1, Annexure A, Table 3; and
- iii. According to that formula, the mini-company costs funded by USAID/SA in any trimester (four month period) shall be based upon the actual number of mini-companies operated in that trimester and the total cost of operating those mini-companies for that trimester as certified by JASA's auditors (and adjusted for the actual vs. the projected number of mini-companies). In making its certification of the actual total cost of minicompanies for any trimester, JASA's auditors shall take into account only the following cost

components:

- * The salaries and benefits of JASA Regional Coordinators and JASA Coordinators will be funded under this Agreement. Salaries include both basic salary as well as thirteenth check and any other bonuses which may be payable under the established policies of JASA as amended from time to time. Salaries also includes P.A.Y.E., U.I.F. and any other payments related to salary as required by government regulations. Benefits include medical aid, pension, and any other benefits which may be payable under the established policies of JASA, as amended from time to time.
- * Office Expenses: The cost of office rental, electricity, water, telephone, telex, fax and consumable office supplies (paper, forms, letterhead, printer ribbons and ink, etc.) will be funded under this Agreement.
- * Travel and Per Diem: The reasonable cost of domestic transportation and per diem, where applicable, of black achievers to and from program activity venues, and regional coordinators and coordinators, where such travel is directly related to JASA program activities, will be funded under this Agreement, provided that, up to allowable U.S. Government levels, all such travel will be governed by JASA's established travel and per diem policies, as amended from time to time, a copy of which must be submitted to USAID/SA for review and approval prior to claims for reimbursement. Travel shall include use of personal vehicle, car hire, and economy class airfare where air travel is necessary.

Instructional Course Development

a. Description

Although an experiential programme such as the current one offered by JASA is regarded as the most effective form of business education for high school students, it is costly (about R440 per student in 1990), and reaches relatively few beneficiaries.

There is an urgent need to develop and implement an instructional programme similar to those run by Junior Achievement USA - "Business Basics", "Project Business" and "Applied Economics". Most of JA/US's growth has come from these programmes. Because they are instructional in nature, they are easier and less costly in terms of both time and money to deliver. This means that far more students can be reached. The programme will be directed at where the need is the greatest - namely, black schools.

The programme will be aimed at younger students than those who participate on the experiential course. This will have two benefits:

- * Many of the younger students who participate in the instructional course will later become achievers on the experiential course. They will therefore be familiar with many of the fundamental concepts which must be understood in order to fully benefit from the experiential course. This is an especially important consideration for disadvantaged black students who often need a head start to keep pace with the company programme.
- * Interest in business and economics will be stimulated at an early age, triggering further self-learning in some students. It may also help many students to choose appropriate high schools subjects.

It is anticipated that most of the teaching will be done by volunteer business executives (advisors) trained by JASA, thereby leveraging further support from the business community. The new programmes could be run within local communities and the school system. It is also possible that a future government would incorporate the programme into the formal school system.

JA/US has expressed a great deal of interest in assisting with the transfer of their technology to JASA. In this regard, JASA management has had preliminary discussions with JA-USA to discuss how this might be done, and in July, 1991, JASA's Managing Director will continue these discussions with JA/US and its worldwide affiliates in the US.

The development of the instructional programme will have three phases as follows:

Phase 1: Initial Research & Program Design

Activities under this phase would include:

- * Recruitment of Educationalist
- * Initiation of Educationalist
- * Needs analysis and task definition (incl. attendance at the 1991 International Conference of Worldwide JA Affiliates in 7/91 by the Managing Director of JASA)
- * Literature survey
- * Data collection (incl. visiting JA-USA and JA-UK)
- * Design of instructional material
- * Design of pilot program
- * Preparation of material for first pilot programs
- * Training of instructors for first pilot programs
- * Selection of test groups for first pilot programs

Phase 2: Pilot Program- Refining Instructional Material

Activities under this phase would include:

- * Running of pilot programs (JASA staff instructing)
- * Evaluation of effectiveness of instructional material
- * Revision of instructional material

The above three steps will be repeated three times during the course of a year to ensure materials are well tested and proven effective. The challenge is to ensure that each module of the program is easily comprehensible, motivating and interesting for children of disadvantaged backgrounds.

- * Design of instructor (advisor) training material

Phase 3: Pilot Program- Refining Training & Delivery System

Activities under this phase will include:

- * Selection of advisor test group
- * Training of advisor test group
- * Running pilot programs (advisors instructing)

- * Evaluation of advisor training program
- * Evaluation of effectiveness of training material
- * Revision of advisor selection procedures, advisor training program, training material and delivery procedures (i.e., selection of schools and pupils, transportation, the use of audiovisual aids, the management of the advisor-school-pupil relationship, etc.)

The above steps will be repeated at least twice during the course of a year to ensure effectiveness of advisor training, and to fine tune a delivery system which is well suited to the pupils needs and to the constraints of sponsoring companies and schools.

b. USAID-Funded Activities

Under the Agreement, the following of the instructional course development costs will be financed:

- * Salaries and Benefits: The salaries and benefits of one Educationalist and one part-time secretary will be funded under this Agreement. Salaries include both basic salary as well as thirteenth check and any other bonuses which may be payable under the established policies of JASA as amended from time to time. Salaries also includes P.A.Y.E., U.I.F. and any other payments related to salary as required by government regulations. Benefits include medical aid, pension, and any other benefits which may be payable under the established policies of JASA, as amended from time to time.
- * Office Expenses: The cost of office rental, electricity, water, telephone, telex, fax and consumable office supplies (paper, forms, letterhead, printer ribbons and ink, etc.) will be funded under this Agreement.
- * Travel and Per Diem: The reasonable cost of domestic and international transportation and per diem of the Educationalist, and international transportation and per diem of the Managing Director, where such travel is directly related to the development of courses under this project component, will be funded under this Agreement, provided that, up to allowable U.S. Government levels, all such travel will be governed by JASA's established travel and per diem policies, as

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amended from time to time, a copy of which must be submitted to USAID/SA for review and approval prior to claims for reimbursement. Travel shall include use of personal vehicle, car hire, and economy class airfare where air travel is necessary. All international travel shall be subject to applicable U.S. Government regulations, including but not limited to those regulations applicable to the use of U.S. flag carriers. All international travel must be approved by USAID/SA in writing prior to the commencement of travel.

- * Pilot Programs: The reasonable cost of implementing pilot programs to test and modify courses developed under this component will be financed under this Agreement. Such costs might include, inter alia, the cost of venue, instructors, transportation of black students subject to relevant JASA travel policies, pilot program course materials, audio/visual aids, etc.

- * Research: The reasonable cost of conducting research related to the development of courses under this project component will be financed under this Agreement. Such costs might include, inter alia, the cost of researchers, researcher travel subject to relevant JASA travel policies and U.S. Government travel regulations as referred to in "Travel and Per Diem" above, research materials, etc.

2. INSTITUTIONAL DEVELOPMENT

The Agreement will finance the expansion and improvement of JASA's organizational infrastructure and the recruitment and training of black personnel to fill positions created by such expansion. This will enable JASA to effectively handle growth in its programs funded under the business education component of the project, and improve JASA's ability to relate to black program participants through an increase in the level of black managers within JASA. Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment No. 1, the Agreement will finance reasonable expenses in the categories described below. All claims for such expenses must be allocable, pro rata, to this project component.

Infrastructure Development

a. Description

For the expanded program to be possible, JASA will need to strengthen its institutional capacity. The present organizational and management structure is very flat, and management is already heavily overburdened. A broadening and deepening of the management structure to include significantly more staff at the Regional Coordinator and Coordinator level is warranted.

Although funding for three senior management posts has already been committed by a number of corporations, JASA requires funding for the post of Operations Manager. The Operations Manager will be responsible for all head office administration, personnel and financial management, as well as for providing administrative support, supervision and training to field staff.

b. USAID-Funded Activities

Under the Agreement, the following costs of the instructional course development sub-component will be financed:

- * Salaries and Benefits: The salaries and benefits of one Operations Manager and one part-time secretary will be funded under this Agreement. Salaries include both basic salary as well as thirteenth check and any other bonuses which may be payable under the established policies of JASA, as amended from time to time. Salaries also includes P.A.Y.E., U.I.F. and any other payments related to salary as required by government. Benefits include medical aid, pension, and any other benefits which may be payable under the established policies of JASA as amended from time to time.
- * Office Expenses: The cost of office rental, electricity, water, telephone, telex, fax and consumable office supplies (paper, forms, letterhead, printer ribbons and ink, etc.) will be funded under this Agreement.
- * Travel and Per Diem: The reasonable cost of domestic transportation and per diem of one

Operations Manager, where such travel is directly related to the development of courses under this project component, will be funded under this Agreement, provided that, up to allowable U.S. Government levels, all such travel will be governed by JASA's established travel and per diem policies, as amended from time to time, a copy of which must be submitted to USAID/SA for review and approval prior to claims for reimbursement. Travel shall include use of personal vehicle, car hire, and economy class airfare where air travel is necessary.

Black Management Development

a. Description

JASA believes that it is well placed to contribute to the development of black managers, one of South Africa's most pressing needs. A management position in JASA provides its incumbent with a unique opportunity to acquire educational, development and management technology and experience. The acquisition of similar skills by previous black coordinators and advisors has vastly improved their career prospects, and it is certain to have a comparable effect on anyone employed in a management position.

For these reasons, JASA intends to initiate an ongoing Black Management Recruitment and Development Program. The goal of the program is to have at least 50% of JASA's senior management posts (currently 100% white), and 60% of field management positions (currently 90% white), filled by black personnel by December, 1993. The program will involve the implementation of a set of standards and procedures for proactively recruiting and training black management staff. These standards and procedures will apply to both senior managerial posts (e.g., Promotions Manager, Operations Manager and Area Manager) and junior managerial posts (e.g., Regional Coordinator, Coordinator).

b. USAID-Funded Activities

Under the Agreement, the following costs of the instructional course development sub-component will be financed:

- * Recruitment Costs: The reasonable cost of recruitment of black personnel to fill the

positions of Regional Coordinator, Coordinator, Educationalist and Operations Manager will be financed by this Agreement. Such costs might include the cost of recruitment charged by professional personnel agencies, subject to industry norms, communications costs and other costs which are reasonable and allocable to recruitment of such personnel.

- * Training Costs: The reasonable cost of training black personnel to fill the positions of Regional Coordinator, Coordinator, Educationalist and Operations Manager will be financed by this Agreement. Such costs might include the cost of short-term courses charged by professional training institutes and trainers, subject to industry norms, travel costs related to on-the-job-training initiated by JASA, subject to the aforementioned JASA and U.S. government travel policies, and other costs which are reasonable and allocable to training of such personnel. Training costs will be reimbursed up to a maximum of R5,000 per trainee for a maximum of 20 trainees.

3. RESEARCH

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment No. 1, the Agreement will finance reasonable expenses related to a research contract for evaluating and making recommendations on the modification of the expanded experiential program provided that the contractor is selected in a manner which complies with U.S. government regulations related to competitive procurement. All claims for such expenses must be allocable, pro rata, to this component of the project.

a. Description

During the course of the project, a research contract will be implemented by a qualified research firm or individual. Its purpose will be to monitor the impacts of the expanded experiential business education sub-component, to provide formal feedback on these impacts to JASA management and to make formal recommendations on how the sub-component might be improved to increase the quality and broaden the scope of such impacts. This will enable JASA to improve the quality of the experiential program. The research will take place in three phases:

Phase 1: Preparation & Research Design

Activities under this phase will include:

- * Development of research objectives
- * Contract Procurement Activities
 - Drafting of research scope of work
 - Solicitation of proposals
 - Evaluation of proposals & contractor selection
 - Execution of contract
- * Briefing of researcher
- * Literature survey
- * Final research design (methodology)

Phase 2: Data Collection, Capture & Analysis

Activities under this phase will include:

- * Questionnaire survey sent to 10,000 past achievers/advisors
- * Collection of completed questionnaires and data capture
- * In-depth interviews of sub-sample of 100 to 500 respondents
- * Transcription and capture of interview data
- * Observation of about 12 mini-companies in operation during the course of a year
- * Quantitative analysis of data

Phase 3: Data Interpretation & Reporting

Activities under this phase will include:

- * Interpretation of results
- * Formulation of recommendations
- * Report writing
- * Possible publication of research

C. Beneficiaries

The beneficiaries of the JASA's experiential program are students from all communities in South Africa. Each mini-company is run by 25 to 30 scholars from the Standard 9 and 10 level. Approximately 50% of these achievers are black. JASA has committed to increasing that proportion to 70% during the life of the Agreement, equivalent to a total of 8,800 black achievers. Additionally, the piloting of the instructional courses developed under this Agreement will benefit approximately 200 black students. National

implementation of the instructional programs (not part of this proposed project) would increase these numbers dramatically. Finally, an estimated 20 black managers will benefit from JASA's transition to black majority management.

D. Role of JASA

Junior Achievement Southern Africa: JASA's primary roles include:

- * administering and ensuring proper utilization of project funds and securing compliance with all material Agreement terms and conditions;
- * ensuring the competitive employment of one JASA Operations Manager, one JASA Educationalist, and part-time secretaries for each;
- * ensuring the competitive selection, in compliance with relevant AID regulations, of all contractors providing technical assistance under this Agreement;
- * drawing and executing contracts for the technical assistance services of the contractors mentioned in the preceding paragraph;
- * supervising the work of the contractors providing technical assistance in accordance with the terms of this Agreement;
- * developing, and implementing the deliver of, instructional courses in business education targeted at black students;
- * ensuring the expansion of the Junior Achievement Program as described herein.

VI. IMPLEMENTATION PLAN

Major Agreement program activities and projected benchmarks are summarized in the following implementation schedule:

A. Experiential Program Sub-component

	<u>Corporate Sponsored Mini-Co's</u>	<u>USAID Sponsored Mini-Co's</u>	
Jan-Mar 1992	51	10	
Apr-Jul 1992	71	20	
Aug-Nov 1992	<u>71</u>	<u>25</u>	Achievers 60% black
1992 TOTAL	193	55	
Jan-Mar 1993	73	30	
Apr-Jul 1993	82	35	
Aug-Nov 1993	<u>90</u>	<u>35</u>	Achievers 65% black
1993 TOTAL	245	100	
Jan-Mar 1994	90	30	
Apr-Jul 1994	106	15	
Aug-Nov 1994	<u>109</u>	<u>0</u>	Achievers 70% black
1994 TOTAL	305	50	

B. Instructional Course Development Sub-component

Sep 1991 Educationalist competitively selected
 Jan 1992 Needs defined and options identified
 Apr 1992 Travel to JA USA/UK
 Aug 1992 Tentative program design complete
 Dec 1992 Materials for first pilot program ready
 Jan 1993 First pilot program commences
 Nov 1993 First pilot program ends
 Dec 1993 Materials for second pilot program ready
 Jan 1994 Second pilot program commences
 Dec 1994 Second pilot program ends

C. Infrastructure Development

Apr 1991 Appoint Promotions Manager (company sponsored)
 Sep 1991 Appoint PWV Area Manager (company sponsored)
 Sep 1991 Operations Manager (USAID sponsored) competitively selected

25

Apr 1992 Database System installed
 May 1992 Scheduling and formal planning systems in place
 Jun 1992 Revised advisor training materials completed
 Oct 1992 Manual for co-ordinators completed
 Jan 1993 Manual for training of co-ordinators completed
 Jun 1993 Production methods manual completed
 Aug 1993 Disciplinary procedures and performance appraisal
 procedures finalized and documented

D. Black Management Development

Dec 1991 - Standards and Procedures drawn up

Jan 1992	JASA Senior Management	50% black
	JASA Field Management	25% black
Dec 1992	JASA Senior Management	50% black
	JASA Field Management	40% black
Dec 1993	JASA Senior Management	50% black
	JASA Field Management	60% black

E. Research

Jun 1991 Research objectives finalized
 Jun 1991 Research Scope of Work finalized
 Jul 1991 Proposals for research received from bidders
 Aug 1991 Proposals for research objectively evaluated
 Sep 1991 Contract for research executed
 Nov 1991 Literature review completed
 Dec 1991 Research design finalized
 Jan/Oct 1992 Data collection
 Dec 1992 Data analysis complete
 Feb 1993 Data interpretation and evaluation complete
 Mar 1993 Report complete
 Aug 1993 First phase of recommendation implementation
 complete

ATTACHMENT No. 2
PROGRAM DESCRIPTION

I. SUMMARY

This Agreement will support the Junior Achievement Southern Africa (JASA) program through an expansion of business education activities targeted at black South African school children.

The grant will enable JASA to:

- * Increase the number of mini-companies created and operated under its auspices, and to increase the participation of black students, from the current 50% to 70%, in the management of these companies;
- * Develop and pilot test business education programs for black school children that may be introduced into the formal school system;
- * Expand and strengthen its organizational infrastructure as well as increase the number of blacks actively involved in the management of JASA (with the result that by the end of the Agreement the management team will be majority-black); and
- * Conduct research into the effectiveness of the JASA programs, particularly as they impact on the education and empowerment of blacks.

The project will be administered by JASA with some technical assistance from one or more competitively selected individuals and/or contractors.

The Agreement program will be funded to an estimated total of \$1,798,000.

Anticipated project outputs over the Agreement's life include:

- * Approximately 8,800 black school children will gain practical experience in wealth creation through the establishment and operation of market-oriented small businesses;
- * Approximately 200 black school children will receive academic training in economics and business topics in a classroom setting during the development and testing of business/economics-related instructional programs;

- * The infrastructure of an important institution will be expanded to support a significant increase in opportunities for black youth in the business education area; and
- * Employing an affirmative hiring policy, JASA will undergo a transition from majority white management to majority black management during the Agreement period.

The three components of the project are business education, institutional development, and research. The first component involves an experiential program and an instructional program. The experiential program is targeted at 11th and 12th year high school students, and is the foundation of Junior Achievement worldwide. It involves the establishment of mini-companies which are created and managed by the students themselves. To date the JASA program has reached 9,000 black students. USAID/SA assistance will stimulate a 34% average growth per annum in the number of student-run companies and will leverage corporate funding for these companies at a rate of R2.5 for every rand in support from USAID/SA. The instructional program consists of activities necessary for the creation of new high school courses such as "Business Basics" and "Applied Economics". It is aimed at students in the 8th year of school. The courses will be new to JASA and will be based on counterpart courses implemented by JA/USA with appropriate modifications to local conditions.

The institutional development component also has two sub-components - infrastructure development and recruitment/development of black management. The ambitious growth rates indicated above will require expansion of the JASA organization and careful management of its growth. USAID/SA funding will support the development of JASA's organizational infrastructure. A quid pro quo for this support, however, is a commitment by JASA to an affirmative hiring/training program which will result in JASA's management team being majority black by the end of the Agreement period.

The final component, research, is a formalized feedback/evaluation process which will monitor the progress of the business education programs and their beneficiaries so that the approaches can be periodically updated and modified.

B. Level of Assistance

The total Rand amount in the Illustrative Financial Plan (Table I) 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 by the Controller, USAID/South Africa. To determine the U.S. dollar amount of the Agreement, an exchange rate of R 2.55 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 JASA. If JASA 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 JASA'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, JASA will be responsible for financing the shortfall since the U.S. dollar amount prevails.

VI. REPORTING

A. Trimester Reports (every four months)

Beginning on November 30, 1991, and thereafter at the end of March, July and November of each project year (except the final project year which ends December 31, 1994 at which time the final report is due - see B. below), JASA will submit trimester progress reports on activities funded under the Agreement. The reports shall contain, inter alia, the following:

1. A summary of Agreement program activities undertaken over the previous trimester;
2. A summary of Agreement program activities planned for the next trimester;
3. A summary of problems encountered in implementing Agreement program activities;
4. A summary of the following statistical information, compared to agreed upon targets contained in Attachment 2, Section VI., "IMPLEMENTATION PLAN", aggregated by sex, race and by region, for both the past trimester and cumulative for the project to date:
 - a. total number of beneficiaries of both the experiential and instructional sub-components of the Agreement program; and

b. total number of beneficiaries of both the infrastructure development and black management development sub-components of the Agreement program.

5. A Variance Report, signed by JASA's auditors, specifying the actual private sector funding employed by JASA for the mini-company program during the previous trimester and comparing these actual levels of private sponsorship with the levels projected in Annexure A, Table 3 of this Attachment.

B. Final Report

JASA will also submit a final report on all activities financed by the Agreement. The content and format of the final report will be agreed upon by USAID and the Recipient at a later date.

VII. OVERHEAD RATE

Not Applicable.

VIII. TITLE TO PROPERTY

Title to all property purchased under this Agreement shall vest in the Recipient in accordance with the terms of Attachment 3, Additional Standard Provisions 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 and services, 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 5 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

A. Program Special Provisions:

There are three program areas where special conditions apply to the use of Agreement funds. These include a) the expansion in the proportion of black participants, b) the transition to black majority management, and c) the leveraging of private sector funding. Specific targets in each of these areas are set forth below and must be reported on by JASA in accordance with Section VI, "REPORTING", of this Agreement. If the targets are not achieved, USAID reserves the right to discontinue Agreement funding. The USAID Technical Project Officer will periodically (no less than once per annum) prepare formal, written assessments of performance against these targets, including a determination of whether Agreement funding should be discontinued due to poor performance.

1. Expansion in the proportion of black participants -- JASA agrees to increase the portion of black participants from the current 50% to 60% by December 1992, to 65% by December 1993, and to 70% by December 1994.

2. Transition to black majority management -- JASA agrees to increase the participation of blacks in the management of JASA as follows:

Jan	1992	Senior Management	50% black	(now 100% white)
		Field Management	25% black	(now 90% white)
Dec	1992	Senior Management	50% black	
		Field Management	40% black	
Dec	1993	Senior Management	50% black	
		Field Management	60% black	

3. Leveraging of Private Sector Funding -- JASA agrees to a net increase in the level of private sector resources for its programs over the life of the Agreement. The ratio of private sector funding to USAID funding will be as follows:

		<u>Ratio</u>	<u>Private Sector (R000s)</u>
Dec	1992	1.4/1	1,862
Dec	1993	2.0/1	3,967
Dec	1994	4.7/1	5,522

As shown in Annexure A to Attachment No. 1, Table 4, these ratios and Rand amounts are in addition to an estimated R3.4 million annually that JASA expects to receive from the corporate sector without USAID assistance. Total private sector support over the Agreement period is estimated at R21,583,300.

B. Operational 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 offshore 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. Competition. Except as otherwise provided in Section XI. above, all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, free and open competition.
- d. Staff Recruitment. JASA 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.
- e. In regard to c. and d., above, prior to disbursement of any funds for salaries, benefits, office expenses, travel, pilot programs, research or other expenses related to new personnel to be funded with Agreement funds, JASA shall:

- i. For each person hired, provide USAID/SA with a Memorandum of Competition evidencing that the new personnel hired under this Agreement were selected in an objective, competitive manner. The Memo of Competition shall include, inter alia:
 - * a brief description of the process employed in identifying and selecting the successful candidate for the position;
 - * a brief statement of the rationale for the selection of the successful candidate; and
 - * the curriculum vitae of the person selected and of at least two persons considered but not selected for the position.
- ii. Provide USAID/SA with a statement specifying that all expenses claimed which relate to personnel under this Agreement are for new personnel and not personnel who were in the employ of JASA prior to the execution of this Agreement.
- iii. Prior to disbursement of any funds for reimbursement of expenses related to any contract let by JASA for services related to this Agreement, JASA shall provide USAID/SA with a Memorandum of Competition evidencing that the services were procured in an objective, competitive manner. The Memorandum of Competition shall include, inter alia, the following:
 - * A Scope of Work, in form and substance acceptable to USAID/SA, describing the services required under the contract;
 - * A list of at least three individuals or firms to which the Scope of Work was sent as a solicitation of proposals for the work;
 - * A description of the criteria and methodology for the selection of the successful bidder; and
 - * The identity of the successful bidder and at least two other bidders who were considered but not selected.

2. 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 of 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.

3. Travel and Per diem. JASA 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 not to exceed U.S. rates. In the event that JASA does not establish a policy, U.S. Government regulations governing travel and per diem will be applied.
4. Political Affiliation. JASA 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 selections and in the provision of its services against individuals who are associated with any particular political philosophy. The Recipient will periodically review the level of actual provision of its services to assure that persons sympathetic to certain political groupings or philosophies are not intentionally excluded from activities financed by USAID.
5. Advance Requests and Liquidations. Prior to disbursement of any funds for the expenses of mini-companies in any trimester, JASA shall submit to USAID/SA a Request for Advance in Rands in the form illustrated in Attachment IV, Part 1, hereto. Section A of that advance request, entitled Advance Request for Mini-Company Expenses, shall detail the number of mini-companies JASA expects to operate during that trimester and the estimated total cost of operating those companies.

Prior to the disbursement of any new advance for mini-company expenses, at least 80% liquidation must have been effected on any prior advance still outstanding for mini-company operations. The liquidation of such advances will be accomplished through JASA's submission to USAID/SA of an Advance Liquidation Request in the form illustrated in Attachment IV, Part 2, hereto. Section A of that advance liquidation request, entitled Advance Liquidation Request: Mini-Company Expenses shall stipulate the amount of the advance liquidation being requested and shall be accompanied by a certificate, in form and substance acceptable to USAID/SA and signed by JASA's auditors, certifying the actual number of mini-companies operated during the previous trimester and the actual total cost of operating these companies.

The methodology for calculating the amount of any mini-company advance and the amount of any mini-company advance liquidation is detailed in the note to Annexure A, Table 3 of this Attachment. USAID/SA funding for mini-companies will in no case exceed the total amounts for any given project year projected in Annexure A, Tables 2 and 3 hereof. In the event that, in any trimester, the actual number of mini-companies operated and/or the total cost of mini-company operation varies from the corresponding figures projected in Annexure A, Table 3 hereof, the level of USAID/SA actual funding will be adjusted to maintain the USAID FUNDING PERCENTAGES projected in Annexure A, Table 3 of this Attachment.

XII. STANDARD PROVISIONS

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

ANNEXURE A to ATTACHMENT No. 1
Table 1
ILLUSTRATIVE AGREEMENT BUDGET (RANDS)

		Phase 1 6/1/91 to 12/31/92	Phase 2 1/1/93 to 12/31/93	Phase 3 1/1/94 to 12/31/94	Project Total
I. BUSINESS EDUCATION					
A. Experiential Program Expansion	Sub-Total	673,341	1,395,367	783,265	2,851,973
B. Instructional Course Development					
1. Salaries & Benefits		118,250	135,988	156,386	410,624
2. Office Expenses		15,000	17,250	19,838	52,088
3. Travel & Per Diem		40,708	7,199	8,279	56,186
4. Pilot Programs		80,000	80,000	0	160,000
5. Research		55,650	62,850	0	118,500
	Sub-Total	309,608	303,287	184,503	797,398
II. INSTITUTIONAL DEVELOPMENT					
A. Infrastructure Development					
1. Salaries & Benefits		137,000	167,550	181,183	475,733
2. Office Expenses		15,000	17,250	19,838	52,088
3. Travel & Per Diem		12,520	14,398	16,558	43,476
	Sub-Total	164,520	189,198	217,579	571,297
B. Black Management Development					
1. Recruitment		27,750	0	0	27,750
2. Training		100,000	0	0	100,000
	Sub-Total	127,750	0	0	127,750
III. RESEARCH					
	Sub-Total	94,127	142,351	0	236,478
TOTAL PROJECT COST: Three Years					
		1,369,346	2,030,203	1,185,347	4,584,896

NOTE: The dollar equivalent of sub-totals in budget sections designated by Roman numerals (see Table 2 of this Annexure) may not be exceeded without prior USAID/SA approval in writing.

Up to a 15% deviation between sub-section amounts is authorized provided that USAID is notified of such deviations in the next Disbursement Request.

ANNEXURE A to ATTACHMENT No. 1
Table 2
ILLUSTRATIVE AGREEMENT BUDGET (DOLLARS)

	Phase 1 6/1/91 to 12/31/92	Phase 2 1/1/93 to 12/31/93	Phase 3 1/1/94 to 12/31/94	Project Total
I. BUSINESS EDUCATION				
A. Experiential Program Expansion				
Sub-Total	\$264,055	\$547,203	\$307,163	\$1,118,421
B. Instructional Course Development				
1. Salaries & Benefits	\$46,373	\$53,329	\$61,328	\$161,030
2. Office Expenses	5,882	6,765	7,780	20,427
3. Travel & Per Diem	15,964	2,823	3,247	22,034
4. Pilot Programs	31,373	31,373	0	62,746
5. Research	21,824	24,647	0	46,471
Sub-Total	\$121,416	\$118,936	\$72,354	\$312,706
II. INSTITUTIONAL DEVELOPMENT				
A. Infrastructure Development				
1. Salaries & Benefits	\$53,725	\$61,784	\$71,052	\$186,562
2. Office Expenses	5,882	6,765	7,780	20,427
3. Travel & Per Diem	4,910	5,646	6,493	17,049
Sub-Total	\$64,518	\$74,195	\$85,325	\$224,038
B. Black Management Development				
1. Recruitment	\$10,882	0	0	\$10,882
2. Training	39,216	0	0	39,216
Sub-Total	\$50,098	0	0	\$50,098
III. RESEARCH				
Sub-Total	\$36,913	\$55,824	0	\$92,737
TOTAL PROJECT COST: Three Years				
	\$537,000	\$796,158	\$464,842	\$1,798,000

NOTE: The dollar equivalent of sub-totals in budget sections designated by Roman numerals may not be exceeded without prior USAID/SA approval in writing.

Up to a 15% deviation between sub-section amounts designated by capital letters is authorized provided that USAID is notified of such deviations in the next Disbursement Report.

ANNEXURE A to ATTACHMENT No. 1

Table 3

ILLUSTRATIVE AGREEMENT MINI-COMPANY USAID/SA FUNDING PERCENTAGES

FUNDING	Year 1 1/92-12/92				Year 2 1/93-12/93				Year 3 1/94-10/94			
	1st Trim.	2nd Trim.	3rd Trim.	Total	1st Trim.	2nd Trim.	3rd Trim.	Total	1st Trim.	2nd Trim.	3rd Trim.	Total
From Private Sector (see note below) Rand	1,393,251	1,939,624	1,939,624	5,272,500	2,198,417	2,400,455	2,710,378	7,378,250	2,635,834	3,104,427	3,192,288	8,932,550
From USAID/SA Rand	122,426	244,851	306,064	673,341	418,610	488,378	488,378	1,395,367	548,286	234,980	0	783,265
TOTAL MINI-COMPANY FUNDING	1,515,677	2,184,475	2,245,688	5,945,841	2,617,027	2,957,834	3,198,756	8,773,617	3,184,120	3,339,407	3,192,288	9,715,815
Funding Ratio (Private Sector/USAID-SA)				7.8				5.3				11.4
USAID/SA FUNDING PERCENTAGE	8.08%	11.21%	13.63%	11.32%	16.00%	16.51%	15.27%	15.90%	17.22%	7.04%	0.00%	8.06%
PROJECTED NUMBER OF MINI-COMPANIES TO BE FUNDED												
Funded by Private Sector	51	71	71	193	73	82	90	245	90	106	109	305
Funded by USAID/SA	10	20	25	55	30	35	35	100	35	15	0	50
TOTAL MINI-COMPANIES FUNDED	61	91	96	248	103	117	125	345	125	121	109	355

NOTE ON FORMULA FOR CALCULATING ADVANCES AND ADVANCE LIQUIDATIONS FOR THE EXPENSES OF MINI-COMPANIES

Prior to the commencement of any trimester in which USAID/SA funds the operation of mini-companies, JASA will submit to USAID/SA an Advance Request detailing the number of mini-companies JASA expects to operate during that trimester and the estimated total cost of operating those companies. Any advances agreed to by USAID/SA will be calculated by multiplying that total estimated cost of operation by the USAID FUNDING PERCENTAGE for that trimester shown above. Advances will be 80% liquidated prior to issuance of any new advances for mini-company operation in any subsequent trimester. Advance liquidation requests will be accomplished through JASA's submission of an Advance Liquidation Request including a certificate to USAID/SA signed by JASA's auditors certifying the actual number of mini-companies sponsored in total during the trimester for which the advance was made together with the actual total cost of operating such companies. The amount of any advance liquidation will be equal to the total costs certified as expended on mini-companies for that trimester multiplied by the total number of mini-companies certified as operated during that trimester divided by the total number of mini-companies projected above for that trimester multiplied by the USAID/SA FUNDING PERCENTAGE for that trimester as shown above.

Regardless of the actual numbers of mini-companies operated in any project year, USAID/SA funding in any project year will not exceed the totals projected for that project year above and in Table 2 of this Annexure.

Any JASA request of an advance for any trimester will be adjusted downward by the amount of any unliquidated advance still outstanding from the previous trimester.

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ANNEXURE A to ATTACHMENT No. 1

Table 4

PRIVATE FUNDING LEVERAGE

		1991 Projected	Year 1	Year 2	Year 3	Project Total
GROSS FUNDING LEVELS						
Private Sector	Rand	3,411,000	5,272,500	7,378,250	8,932,550	21,583,300
USAID/SA	Rand	0	1,369,346	2,030,203	1,185,347	4,584,896
NET FUNDING LEVELS (Net of 1991 Baseline)						
Private Sector	Rand		1,861,500	3,967,250	5,521,550	11,350,300
USAID/SA	Rand		1,369,346	2,030,203	1,185,347	4,584,896
NET FUNDING RATIO (Private Funding/USAID Funding)			1.4	2.0	4.7	2.5

ASSUMPTIONS

ILLUSTRATIVE AGREEMENT BUDGET (RANDS)

NOTES & ASSUMPTIONS

Agreement foreign exchange rate is R	2.55 per dollar.			
Inflation rate is assume to be	15% p.a. after year one for all cost except mini-company costs.			
Mini-companies	1991	Phase 1	Phase 2	Phase 3
Private Sector Funded	156	193	245	305
USAID/SA Funded	0	55	100	50
Total	156	248	345	355
Cost per mini-company	11000	12500	14250	16000
Inflation rate for cost per mini-company		13.6%	14.0%	12.3%

I. BUSINESS EDUCATION

A. Experiential (Mini-Company) Program

1. Salaries & Benefits

- Sal	Salaries		813600	325962	675630	379301
- Ben	Benefits	18% of sal.	146448	58673	121613	68274
	Sub-Total		960048	384635	797243	447575

2. Office Expenses

Rent	156911	62865	130302	73152
Communications & postage	50400	20192	41853	23496
Printing & Stationery	112500	45072	93422	52447
Insurance	35000	14022	29064	16317
Repairs & maintenance	9240	3702	7673	4308
Consumables	8000	3205	6643	3729
Equipment Hire	7600	3045	6311	3543
Cleaning & Sanitary Services	32000	12821	26574	14919
Training Services	6000	2404	4983	2797
Bank Charges	2500	1002	2077	1166
Advertising	4600	1843	3820	2145
Advisor Recruiting Costs	23000	9215	19100	10720
Sub-Total	447751	179388	371822	208739

3. Travel

Black Student Transport	215289	85360	176644	99073
Staff Travel	92000 kms			
	0.65 per km	59800	23958	49658
Sub-Total		275089	109318	226302

TOTAL SUB-COMPONENT 1682888 673341 1395367 783265

B. Instructional Course Development

1. Salaries & Benefits

Salaries	#	Base P.A.			
Educationalist	1	85000	85000	97750	112413
Part-time Secretary	1	12000	12000	13800	15870
Benefits (Ed only)		25% of base	21250	24438	28103
Sub-Total			118250	135988	156386

2. Office Expenses

Rent	7500	8625	9919
Telephone & postage	6000	6900	7935
Supplies	1500	1725	1984
Sub-Total	15000	17250	19838

ILLUSTRATIVE AGREEMENT BUDGET (RANDS)
NOTES & ASSUMPTIONS
Page 2

B. Instructional Course Development (continued)
3. Tr.3. Travel & Per Diem

	trips	R/trip			
Travel -RSA	4	800		3200	
	4	920			3680
	4	1058			4232
Travel-US/UK*	1	10275		10275	
Travel-US@	1	10275		10275	
	days /trip	trip days	R/trip day		
Per Diem -RSA	3	12	255	3060	
	3	12	293		3519
	3	12	337		4047
Per Diem-US*	15	15	255	3825	
Per Diem-UK*	15	15	586.5	8798	
Per Diem-US@	5	5	255	1275	
				40708	7199
					8279

* denotes international travel/per diem for Educationalist
 @ denotes international travel/per diem for Managing Director

4. Pilot Program: 80000 80000

5. Research

	trips	R/trip		
Travel - RSA	10	800	8000	
	10	920		9200

	days /trip	trip days	R/trip day		
Per Diem -RSA	3	30	255	7650	
	3	30	255		7650

	days	R/day		
Contract research fee	40	1000	40000	46000
Sub-Total			55650	62850

TOTAL SUB-COMPONENT 309608 303287 184503

TOTAL COMPONENT 982949 1698654 967768

II. INSTITUTIONAL DEVELOPMENT

A. Infrastructure Development 521310 567594 652737

1. Salaries & Benefits

	#	Base P.A.			
Salaries					
Operations Manager	1	100000	100000	115000	132250
Part-time Secretary	1	12000	12000	13800	15870
Benefit		25% of base	25000	28750	33063
Sub-Total			137000	157550	181183

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II. INSTITUTIONAL DEVELOPMENT (continued)
 A. Infrastructure Development (continued)

2. Office Expenses

Rent	7500	8625	9919
Telephone & postage	6000	6900	7935
Supplies	1500	1725	1984
Sub-Total	15000	17250	19838

3. Travel & Per diem

	trip days	R/trip			
Travel -RSA	8	800	6400		
	8	920		7360	
	8	1058			8464
	days	trip	R/trip		
	/trip	days	day		
Per Diem -RSA	3	24	255	6120	
	3	24	293.25		7038
	3	24	337		8094
Sub-Total				12520	14398
				164520	189198
					217579

B. Black Management Development

1. Recruitment

Recruiting Fees	0	27750
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2. Training

Training	trainees	R/trainee	
	20	5000	100000

TOTAL SUB-COMPONENT 127750 0

TOTAL COMPONENT 292270 189198 217579

III. RESEARCH

A. Contract Researcher	20000	33000
B. Fieldwork/Data Collection Fees	45000	62855
C. Administrative Costs	29127	46496

TOTAL COMPONENT 94127 142351

TOTAL PROJECT 1369346 2030203 1185347 4584096
 536998 796158 464842 1797998

ATTACHMENT IV
Part 1
REQUEST FOR ADVANCE IN RAND
For the Period from June 1, 1991 to August 31, 1991

AMOUNTS

Section A: Advance Request for Mini-company Expenses

I. BUSINESS EDUCATION

A. Experiential Program Expansion

Estimated Number of Mini-companies to be Operated This Period
Estimated Cost of Operating these Mini-companies

Section B: Advance Request for Other Project Expenses

I. BUSINESS EDUCATION

B. Instructional Course Development

1. Salaries & Benefits
2. Office Expenses
3. Travel & Per Diem
4. Pilot Programs
5. Research

11,400

II. INSTITUTIONAL DEVELOPMENT

A. Infrastructure Development

1. Salaries & Benefits
2. Office Expenses
3. Travel & Per Diem

B. Black Management Development

1. Recruitment
2. Training

III. RESEARCH

TOTAL ADVANCE REQUEST R 11,400

ATTACHMENT IV
Part 2
ADVANCE LIQUIDATION REQUEST
For the Period from to

AMOUNTS

Section A: Advance Liquidation Request: Mini-company Expenses

I. BUSINESS EDUCATION

A. Experiential Program Expansion (see attached Auditor's Certification)

Actual Number of Mini-companies Operated Previous Period

Actual Cost of Operating those Mini-companies

Section B: Advance Liquidation Request: Other Project Expenses

I. BUSINESS EDUCATION

B. Instructional Course Development

1. Salaries & Benefits
2. Office Expenses
3. Travel & Per Diem
4. Pilot Programs
5. Research

II. INSTITUTIONAL DEVELOPMENT

A. Infrastructure Development

1. Salaries & Benefits
2. Office Expenses
3. Travel & Per Diem

B. Black Management Development

1. Recruitment
2. Training

III. RESEARCH

TOTAL ADVANCE TO BE LIQUIDATED R