

EMBASSY OF THE
UNITED STATES OF AMERICAOffice of Development Affairs
August 25, 1989

Rev. I.E, Tlholwe, President
Witswatersrand Council of Churches
P.O. Box 5449
Johannesburg
2000

Subject: Witswatersrand Council of Churches (WCC) Squatter
Settlement Education Agreement No.
674-0302-G-SS-9053-00

Dear Rev. Tlholwe:

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

This Agreement is effective and obligation is made as of August 31, 1989. The Agreement and obligation shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning August 31, 1989 and ending December 31, 1992.

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

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

Sincerely,



Dennis P Barrett
Counselor for Development Affairs

ACKNOWLEDGED AND ACCEPTED

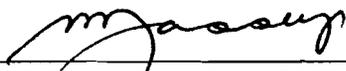
WCC



By: Rev. I.E. Tlholwe
Title: President



By: Mr. Blyth Makhoana
Title: Field Officer



By: Rev. Austen Massey
Title: Treasurer

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Ninety Day Advance

ATTACHMENT NO. 1
SCHEDULE

I. OVERVIEW OF AGREEMENT

This Agreement will finance education projects sponsored and implemented by the Witswatersrand Council of Churches (WCC) located in "illegal squatter" areas, which are often under attack by the Governments of South Africa and the so-called independent "Homelands". The primary purpose of this Agreement is to show solidarity with "squatter" communities, such as Weiler's Farm, and to assist them in gaining control over their childrens' education. In addition, funds are provided to upgrade WCC's financial systems in accordance with recommendations made in the financial review.

II. PERIOD OF AGREEMENT

The effective date of this Agreement is August 31, 1989. The expiration date is December 31, 1992, meaning that no USAID funds under this Agreement shall be applicable to goods not furnished or services not performed by this date.

III. AGREEMENT FUNDING AND PAYMENT

AID hereby obligates the amount of \$50,000 for purposes of this Agreement.

IV. FINANCIAL MANAGEMENT

A. WCC shall be responsible for accounting for all funds provided under this Agreement. Reimbursement for expenses incurred shall be in the form of a monthly submission of invoices, checks, payroll sheets or other documentation as further described in Part B of this section. Included in this Agreement, as Attachment 4, is an estimated three-month advance budget based upon expected expenditures covered by this Agreement. Execution of this Agreement constitutes USAID approval of the advance, and for AID's internal purposes, earmarks and commits all funds obligated under the Agreement. Any interest earnings from funds provided under this Agreement will be returned to USAID.

B. Disbursement Procedures

1. Local currency disbursements from USAID to WCC will be made through monthly reimbursements for expenses incurred during the previous month. Each reimbursement request 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; and (b) copies of paid invoices, checks, or other documentary evidence showing that funds were expended and the payee received such funds; e.g. an invoice stamped "paid", a cancelled check or a payroll sheet signed by the employee.

(a) As discussed in paragraph B1 above, monthly expenses are reimbursed. As such, USAID will reimburse the Recipient for recurring expenses financed from the advance, but non-recurring expenses financed from the advance will not be reimbursed. Rather than reimburse non-recurring expenses, the amount of the advance will be reduced by that amount. Consequently, when the Recipient submits its monthly reimbursement request per paragraph B.1, it is most important to include those expenses which will be used to reduce the advance balance.

(b) At the end of the Agreement period, any advance balance will be liquidated through submission of paid invoices and/or cash.

(c) Should there be a need to increase the level of advance, USAID should be notified in writing at least 90 days before the required increase. USAID will advise, in writing of any approved increase. Likewise, USAID reserves the right to decrease the level of the advance should expenditures fall below expected levels.

V. FINANCIAL PLAN

A. The Illustrative Financial Plan for this Agreement is set forth in Table 1. 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". All line-item adjustments in excess of fifteen percent (15%) must receive prior USAID approval.

Table 1
Illustrative Financial Plan
(US\$ and SAR)

<u>Line Item</u>	<u>US Dollars</u>	<u>SA Rands</u>
1. Education projects	\$30,000	78,000
2. Financial & Admin. Upgrading	\$20,000	52,000
TOTAL	\$50,000	130,000

B. Level of Assistance

The budget line item provided in Table 1 has been calculated by taking the amounts required by WCC in South African Rands and then converting these to U.S. Dollars at an exchange rate of R2.60/US\$1. While the Rand amounts are included for illustrative purposes, the U.S. Dollar totals, and not their Rand equivalents, constitute the binding level of USAID assistance.

Due to exchange rate fluctuations, South African Rands available under any individual item financed under this Agreement may exceed levels budgeted for by WCC. In such event, WCC will propose in writing its priority uses of such funds. If USAID is in agreement with WCC's proposal, the Agreement will be formally amended to provide for the authorized expenditures. However, should changes in the exchange rate result in fewer South African Rands being available than budgeted for, WCC must finance the shortfall since the U.S. dollar amount prevails.

VI. REPORTING AND EVALUATION

A. Reporting

WCC will provide a semi-annual report on progress achieved under activities financed by the Agreement. The format for these reports will be mutually agreed upon by the parties at a later date.

VII. OVERHEAD RATE

Not Applicable.

VIII. TITLE OF PROPERTY

Title to all property purchased under this Agreement shall vest in the Recipient in accordance with the terms of Attachment 3, Additional Standard Provision 18, entitled "Title to and Use of Property".

IX. AUTHORIZED GEOGRAPHIC CODE

The authorized geographic code for all procurement with AID funds under the Agreement is the United States and Republic of South Africa, meaning that all goods and services financed by this Agreement shall have, with respect to goods, their source and origin and, with respect to services, their nationality in the United States or the Republic of South Africa.

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. Conditions Precedent to Disbursement

1. Education Projects: Prior to the disbursement of funds under the Education Project line-item, the Recipient shall provide, in form and substance satisfactory to USAID, a budget and rationale for each education project supported under this Agreement.

2. Computer and Training: Prior to the disbursement of funds under the Institutional Upgrading line-item, WCC shall provide, in form and substance satisfactory to USAID, at least three quotes from computer firms for the cost of purchasing, installing, and maintaining an adequate computer system, and the cost of providing relevant training.

B. Covenants

1. Procurement

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

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

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

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

3. WCC shall continue efforts to identify a variety of funding organizations and to avoid, wherever possible, dependence on any one organization for funding.

XII. STANDARD PROVISIONS

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

ATTACHMENT 2

PROGRAM DESCRIPTION

I. SUMMARY

This Agreement will finance the Witswatersrand Council of Churches (WCC) selected education outreach programs to schools started by "squatter" communities. This type of activity represents an effort to empower these poverty-stricken communities to gain control of their childrens' education in areas wholly ignored by the SAG, i.e. Weiler's Farm. In addition, funds under this Agreement will be utilized to strengthen WCC's financial systems. Included under this latter component are the purchase and maintenance of computers, computer training and the services of an external accounting firm.

II. BACKGROUND

A. Educational Support and Training Project

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

B. Witswatersrand Council of Churches

The Witswatersrand Council of Churches was founded in 1909 to address the needs of the poor in the greater Johannesburg area. Over the years it grew, both in terms of outreach and effectiveness. In 1970, it became multi-denominational and its development agenda was expanded to become more political. As part of this political move to empower blacks, the Council hired and elected blacks for its powerful positions. The 1984 crisis, and later the declaration of the state of emergency, led to the expansion of its sectors from the more traditional education and youth programs to crisis assistance, detainee support and other basic human rights work. Currently, there are approximately 30 field workers who run a multitude of projects with a total budget in excess of R500,000.

III. PROBLEM

In September 1987, the official figure for African squatters in South Africa (excluding the so-called independent homelands) was given as 1,310,813. However, in the PWV area alone, the Urban Foundation estimates that there are between 1.6 and 2.5 million squatters and approximately 5 million nation wide. In the Witswatersrand metropolitan area, nearly half of the squatters have been living in the same area for a decade -- in some cases generations.¹

A combined factor of increasing urbanization, lack of new houses or even available land to build houses, and the Group Areas Act has led to a tremendous number of black individuals and families choosing (or being forced to choose for lack of any other options) "squattling". Historically, the SAG has been opposed to this phenomenon, particularly when it considers an area "unsightly", "inconvenient" or as a potential catalyst of political movements. Tactically, the SAG has handled this problem by forcing residents to pay rent, yet providing little or no basic services, and forcibly removing squatters to the bantustans or other areas.

Squatter communities have consistently fought back in an attempt to maintain their informal support network and the homes that they have built themselves. Often these "camps" are located near jobs, and the alternative is to move many miles away. One of the few effective means to fight off government attempts to scatter the community is to organize the community to speak in one voice.

Collective provision of necessary services, such as education or health services, is one means of proving unity. Education is often chosen because there are active community leaders, with some education, who are willing to be teachers (often making little or no money). Small, un-lit structures, where people often sleep at night, are the classrooms and books are purchased with the nominal school fees. Yet in spite of the poor conditions, these schools are a source of great community pride, and help these individuals to collectively gain control over their lives.

It is important that donor funds be provided to such schools both for its potential qualitative impact and for its symbolic solidarity with the squatter communities' struggle.

IV. PURPOSE

The purpose of this Agreement with the Witswatersrand Council of Churches is twofold, first to assist the WCC's programs for schools started by "homeless" communities and second, to facilitate necessary financial and administrative upgrading of the WCC financial systems and procedures.

¹ Land in South Africa, Section C12, page 2, Human Awareness Programme, February 1989.

V. PROGRAM DESCRIPTION

Funds under this Agreement will assist with education projects and financial and administrative upgrading of WCC.

A. Educational Projects

The WCC will provide, as described above, a complete budget and rationale for each project to be supported under this component of Agreement. Eligible expenses include teacher training, educational materials and equipment and teacher salaries. No construction or purchase of vehicles will be funded under this agreement.

Illustratively, a community such as the Weiler's Farm Squatter Camp is an example of the type of project which is worthy of support. The school was started by the community several years ago and now caters to over 800 pre-school to matric students. The schools' needs are many; while the teachers are enthusiastic, they are poorly trained; when there are donations teachers are paid; and conditions both in terms of educational materials and crowding are terrible. Weiler's Farm is now under considerable governmental pressure to relocate a further 12 kilometers away from Johannesburg, where many of the residents work. Weiler's Farm is but one of many squatter camps facing eradication and fighting it via united community efforts.

B. Financial and Administrative Upgrading:

Prior to funding any organization, it is standard for USAID to commission a financial review by an independent accounting firm to examine the potential recipient's financial and administrative systems. This financial review was completed on April 13, 1989. It made the following recommendations to improve WCC's financial systems:

1. the financial/accounting division must become more effective and self-sufficient;
2. accounting systems/procedures must be improved and monitored by an external accounting firm; and
3. computerize the financial systems.

After discussing the financial review with WCC staff, it was agreed that USAID would make funds available to implement the recommendations. In year two of the Agreement, USAID will arrange a follow-on financial review to ensure that the financial and administrative procedures have been sufficiently upgraded to fulfill the needs of WCC.

1. Computerization

The Agreement will finance the purchase, installation, insurance and maintenance of appropriate computer hardware and software. Funds are also available for training of staff and for the design of special programs to fit WCC's unique needs. Prior to contracting with a particular firm for these services, WCC will provide USAID with at least three quotes and the rationale for choosing a particular firm.

2. Accounting Firm

To assist the WCC to improve its financial systems, the service of an independent accounting firm will be necessary. It is expected that much of this work will be finished in year one of the Agreement. Funds provided for year two and three will ensure that the new systems are monitored and to assist WCC with trouble shooting.

VI. FINANCIAL PLAN

The following detailed budgets are provided in support of the Agreement budget in Attachment 1, Section V. All commitments under the Agreement are expected to be completed by December 31, 1992. As indicated in the "Schedule", the U.S. Dollar obligation, not the illustrative South African Rand budget, is the binding commitment under this Agreement.

Table 2
Illustrative Financial Plan
US \$

<u>Line Item</u>	Yr 1	Yr 2	Yr 3	Total
1. Education Projects	10,000	10,000	10,000	30,000
2. Financial and Administrative Upgrading				
a. Computers	6,000	0	0	6,000
b. Maintenance*	2,000	2,000	2,000	6,000
c. Training	1,500	1,500	0	3,000
d. Accting	3,500	750	750	5,000
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TOTAL	\$23,000	\$14,250	\$12,750	\$50,000

* Includes insurance

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Table 3
Illustrative Financial Plan
South African Rands
(R2.60 = \$1)

<u>Line Item</u>	Yr 1	Yr 2	Yr 3	Total
1. Education Projects	26,000	26,000	26,000	78,000
2. Financial and Administrative Upgrading				
a. Computers	15,600	0	0	15,600
b. Maintenance*	5,200	5,200	5,200	15,600
c. Training	3,900	3,900	0	7,800
d. Accting	9,100	1,950	1,950	13,000
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TOTAL	R59,800	R37,050	R33,150	R130,000

* Includes insurance

Attachment 4

Basis for Ninety-Day Advance
South African Rands

Witswatersrand Council of Churches (WCC)
Agreement 674-0302-G-SS-9053-00

There will be two advances available to WCC:

1. Based on the education proposal, an advance will be made for the Education projects. It is expected that this advance will be approximately R6,500, or a fourth of the first year budget.
2. An advance is required for the Financial and Administrative Upgrading. This amount will be based upon the winning quote for the computerization of WCC.