

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

PD-ABI-760

88704

September 30, 1986

Mr. Carl Gershman, President
National Endowment for Democracy
1156 15th St. NW Suite 304
Washington, D.C. 20005

Subject: Grant No. 674-0306-G-00-6025-00

Dear Mr. Gershman:

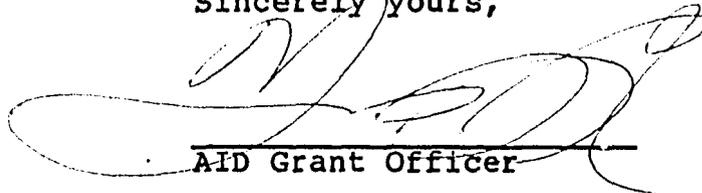
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "AID" or "Grantor") hereby grants to the National Endowment for Democracy (hereby referred to as the ("Endowment") or ("Grantee"), the sum of \$211,866 to provide support for a program in building Democratic Institutions in South Africa as described in the Schedule of this grant and the Attachment 2, entitled "Program Description."

This grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning with the effective date and ending September 30, 1988.

This grant is made to the National Endowment for Democracy, on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1 entitled the "Schedule," Attachment 2 entitled "Program Description," and Attachment 3 entitled "Standard Provisions," which have been agreed to by your organization.

Please sign the original and seven (7) copies of this letter to acknowledge your receipt of the grant, and return the original and six (6) copies to the Office of Contract Management.

Sincerely yours,



AID Grant Officer

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

Acknowledged:

BY: Paul Yushman

TITLE: President

DATE: Sept. 30, 1986

FISCAL DATA

Appropriation	:	<u>72-1161037</u>
Budget Plan Code	:	<u>GESA-86-21674-KG13</u>
PIO/T No.	:	<u>674-0306-3-6003</u>
Project No.	:	<u>674-0306</u>
Total Estimated Amount	:	<u>\$211,866</u>
Total Obligated Amount	:	<u>\$211,866</u>
Funding Source	:	AID/W USIA

Attachment 1
SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for the Building Democratic Institutions in South Africa Program, as more specifically described in Attachment 2 to this Grant entitled "Program Description."

B. Period of Grant

1. The effective date of this Grant is September 30, 1986. The expiration date of this Grant is September 30, 1988.

C. Amount of Grant and Payment

1. AID hereby obligates the amount of \$211,866 for purpose of this grant.

2. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 - Standard Provision 14, entitled "Payment - Letter of Credit".

D. Financial Plan

The Financial Plan for this grant is contained (1) with respect to the activities of the United States-South Africa Leadership Exchange Program ("USSALEP") and the Black Consumers Union ("BCU"), on page 7 of Attachment 2 to this Grant entitled "Program Description"; (2) with respect to the activities of Freedom House, City Press, and Frontline, on page 15 of Attachment 2; (3) with respect to the activities of LAMLA and the U.S. subrecipient from which it will receive funds under this program, on pages 19-21 of Attachment 2; and (4) with respect to the activities of the Endowment and those of all subrecipients (in summary form), on page 22 of Attachment 2.

Revisions to this Plan shall be made in accordance with Standard Provision 4 of this Grant, entitled "Revision of Grant Budget," provided however that adjustments in excess of \$5,000, \$10,000 or 15% of any affected cost element, whichever is greater, must receive prior AID approval.

E. Reporting and Evaluation

The Grantee shall submit a performance report no less than quarterly indicating actual accomplishments financed by the Grant. To the extent practicable, the outputs of the program should be quantified such as the number of workshops given or the number of publications completed.

Financial reports shall be submitted in accordance with paragraph (c) of Standard Provision 14.

Prior to the Grantee's entering into any agreement funded under this Grant with any group or organization not expressly mentioned in Attachment 2 and prior to any subrecipient's entering into any agreement funded under this Grant with any group or organization not expressly mentioned in Attachment 2, the Grantee shall obtain the approval of AID. Prior to entering into any agreement to fund, either directly or through a subrecipient, any activities not expressly described in Attachment 2, the Grantee shall obtain the approval of AID in accord with procedures set forth in Attachment 3 - Standard Provision 12, entitled "Amendment."

F. Special Provision

Profits and royalties resulting from the use of grant funds used to underwrite the cost of publishing shall be program income and therefore shall not be credited to the Grant, as permitted by Standard Provision 22.

G. Overhead Rate

Not Applicable.

H. Title to Property

Title to all property purchased under this Grant shall vest in the Grantee or in any subrecipients.

I. Authorized Geographic Code

United States and the Republic of South Africa.

J. Local Cost Financing with U.S. Dollars

As required by Standard Provision 20 of the Grant, it is hereby specified that the amount of U.S. dollars authorized to be used for local cost financing, whether by the Grantee or by subrecipients, is up to an aggregate of 90% of the entire amount obligated under this Grant. In no event will the Grantee's costs exceed the U.S. dollar amount obligated without a written amendment to this grant executed by the grant officer in accord with procedures set forth in Attachment 3 - Standard Provision 12.

Program Description

South Africa

BUILDING DEMOCRATIC INSTITUTIONS IN SOUTH AFRICA

The National Endowment for Democracy, a bi-partisan, non-profit private organization has developed a multi-faceted program in cooperation with a number of South African organizations designed to promote the strengthening of democratic institutions in South Africa. In an effort to find effective ways to promote the abolishment of apartheid through non-violent means and encourage its replacement with a truly democratic system of governance, the Endowment has focused its attention on identifying groups and projects which are either black-led or involve and serve the interests of the black community in South Africa.

Through a series of programs falling generally into three categories - 1) Community Participation, 2) Democratic Ideas, 3) Mediation and Reconciliation -- assistance will be given for activities which protect the rights of South African blacks; promote change through non-violent and democratic activities; and provide training and assist community development projects designed to strengthen the commitment to democracy within black communities suffering under the current apartheid system, and which will assist a larger cadre of blacks to prepare themselves to flourish in a future, more democratic, South Africa.

All of the South African groups in the package have already demonstrated expertise in their respective areas of work and, in the judgment of the Endowment, are currently restricted in the numbers of people they can reach because of a serious shortage of resources.

Each of the programs and groups the Endowment would fund in this package must meet the approval of both AID and the private, bi-partisan Board of Directors of the Endowment, which makes it easier for the South African groups to accept substantial U.S. Government funding. All of the programs, the funding source and the recipient groups will be public information.

The Endowment will make a small portion of the overall resources available to engage U.S. partner organizations (including the Endowment itself) which assist the South African groups in the proper management of U.S. government funds, as well as in those programmatic areas which may be requested by the South Africans. The National Endowment for Democracy receives an annual appropriation from Congress by way of a grant from the United States Information Agency, and should not charge to the USIA grant costs related to the administration of USAID funded programs. The budget proposed for NED in this package reflects the same percentage for administrative costs applied to the USIA grant. The Endowment is not a programming agency, i.e., its role is primarily one of oversight, and it is a policy of the NED Board that all grants should go through U.S.-based

groups to encourage their involvement in democracy building abroad.

The Endowment proposes to support the following groups and programs:

COMMUNITY PARTICIPATION:

I. The Black Consumers Union

A. Background and Program

The Black Consumers Union (BCU), originally the National Black Consumers Association, was established in March of 1984 as the result of an assessment by the National Federated Chamber of Commerce that for black consumers to be a viable force within the South African economy, they needed to have a national organization which could represent their needs. The formation of this group was based on the following:

- the need for an autonomous, non-profit, non-political organization to represent and further the interests of the black consumer throughout South Africa;
- membership should consist of organizations that primarily represent consumers concerned with

consumerism, but interested organizations that do not qualify for membership should become associate members;

- the organization should maintain dialogue with other organizations and consumer bodies where it is to the benefit of the black consumer;

- the organization should educate the black consumer about his rights as a consumer and about the goods he purchases.

The BCU is requesting funds to pay the salaries of the Executive Director and an office secretary for 16 months, as well as rent and other general office expenses for the office in Johannesburg. This support is necessary so that the BCU can expand its operations in regions throughout South Africa. Included in the expansion activities will be the organization of consumer cooperatives patterned on those observed by the Executive Director, Mr. Eldridge Mathebula, while in the United States and during a training program in Israel sponsored by Histadrut. Histadrut has agreed to provide training in South Africa for the formation of these cooperatives. Histadrut will be funded for its activities in this program by sources other than the National Endowment for Democracy and the Agency for International Development. The first step in the plan will be to establish the basic structure of the organization which will be similiar to the

"assembly" system adopted by the National Association for the Southern Poor (NASP) for a self-help community-based program in Richmond, Virginia. The "assemblies" will provide the regional office of the BCU with the mechanism for members of participating communities to make collective decisions about their welfare and that of their communities.

B. Organization

The Black Consumers Union (originally begun as the National Black Consumers Association) grew out of a meeting in early 1983 between several well-established South African black women's organizations in the Johannesburg area (YWCA, Black Social Workers, Black Housewives, Transvaal Teachers Association, Inkatha Women's Brigade, Zamani Soweto Sisters, Ikageng Women), who saw the need to educate black consumers to avoid continued exploitation in the marketplace.

On March 17, 1984, a formal meeting of over 500 people at the President Hotel in Johannesburg, established the National Black Consumers Association of South Africa, with a small office to be located in Johannesburg strategically positioned adjacent to the train station. Elected President was Mrs. Ellen Khuzwayo (of the Committee of Ten); Vice President Mrs. Joyce Seroke, Director of YWCA, South Africa; 2nd Vice President Mr. Eldridge Mathebula, marketing coordinator for a leading corporation (and to be Executive Director of BCU); Secretary Mrs. Anatasia Thula, V.P. of

Inkatha Women; Treasurer Mrs. A. Nhiki, executive member of the Transvaal Teachers Association.

The BCU has established itself in the Johannesburg area, and created a structure which will allow it to expand nationally to put into effect the program it has devised based on the Histradrut and NASP experience and training.

The BCU has actively pursued other private funding sources including the National Cooperative Business Association, Ford Foundation, Rockefeller Brothers Fund, Chase Manhattan Bank and Citibank, all of which have pledged support to the BCU.

C. U.S. Grantee

The United States-South Africa Leadership Exchange Program (USSALEP), a charitable educational association incorporated in Pennsylvania in 1958, has a longstanding relationship with BCU, and has agreed to serve as a U.S. partner. The present Executive Director, Mr. Michael Clough, until recently served as Director of Africa Studies at the Monterrey Naval Post Graduate School. The USSALEP Council includes: Hugh Fierce (Chase Manhattan Bank), Wayne Fredericks (Ford Motors), Helen Kitchen (CSIS), John Marcum (UCLA), Sai Marzullo (Mobil Oil), Dan Matthews (ABC), Alan Pifer (Carnegie), and Willard Wirtz (former Secretary of Labor). Although based in Pennsylvania, USSALEP

has a small office in Washington and a counterpart Board in South Africa.

USSALEP/Black Consumers Union

USSALEP

Postage, telephone, telex	\$ 828.00
Consultations to establish reporting procedures (staff time)	1,000.00
Accountant fee (for audit of report) portion of total cost U.S. and S.A.	<u>2,500.00</u>
	\$ 4,328.00

BCU

Personnel

Salary - Executive Director R1500 x 16 months	\$ 9,240.00
Salary - Office Secretary R900 x 16 months	5,544.00
Benefits	924.00

Administration

Office rent - R400 x 16 months	\$2,464.00
Telephone - R100 x 16 months	616.00
Stationary	462.00
Sundries	770.00
Car maintenance	1,347.50
Travel - domestic and international	2,887.50
Other direct costs	<u>783.00</u>

TOTAL \$29,366.00

DEMOCRATIC IDEAS:

I. "How Democracy Works", Prospects

A. Background and Program

Drum Publications of South Africa proposes to publish a fortnightly feature describing "How Democracy Works" in the Prospects supplement of City Press, the largest circulation newspaper among blacks in South Africa.

The feature will discuss the principles and concepts of democracy, and how they can be applied to a multiracial society in South Africa. The feature will also examine how other democratic societies function and their effectiveness in maintaining freedom of expression, movement and opportunity.

With this grant, the material can appear in approximately 26 issues in the period of a year, and will have a direct bearing on South Africa's own particular problems and their solutions. The feature is intended to create awareness of (and hopefully adherence to) democratic ideals and principles among the black communities, which have long been subjected to highly authoritarian systems, and which are now beginning to enjoy very limited freedoms.

It is hoped that a concrete discussion of democratic values will help to counter the strong Marxist campaigns now being used to coerce South African blacks in the black townships, pointing the way to democratic forms of government being desirable and achievable goals in South Africa. It is also possible that a serious discussion of democratic values and governance among blacks could have a significant impact on some elements within the Afrikaner National Party, which continues to fear the consequence of removing the apartheid system of governance.

There are no other systematic methods being used in South Africa to generate awareness of democratic principles on a large scale; indeed, the actions of the authorities frequently have the affect of countering such principles. Wide propagation of democratic principles can, however, be achieved by publishing material regularly over a period of time in a popular black publication. At the black grassroots level, there is normally a strong leaning towards decision by consensus. This natural tendency to compromise, which is currently losing acceptance by parties on all sides of the crisis in South Africa, could be stimulated and through it would grow a greater acceptance of democratic ideals.

Writers for "How Democracy Works" will be Dennis Beckett, a respected editor of the monthly, thought-provoking publication, Frontline, which has wide credibility among blacks, and others in good standing with whom negotiations are currently being

conducted. Ancillary features such as readers' opinion columns and a competition will encourage greater reader participation in the discussion.

The Endowment has been asked to sponsor the space in the publication, the fees of the contributors providing the material and prizes for the competition.

B. Organizational Information

City Press is a weekend newspaper with a predominantly black readership. It is the largest circulation black newspaper in South Africa, and the 3rd largest weekend paper. With a readership of more than 1,200,000, of which 79% are below the age of 34, it is the fastest growing paper in the country having nearly doubled its circulation in less than two years.

The country's only "national" black newspaper, the City Press circulates in Pretoria, Johannesburg, Witwatersrand, Vereeniging, rural Transvaal, Natal including Kwa Zulu, Eastern Cape, Western Cape and Orange Free State.

Prospects, the City Press supplement which will carry the series, has been publishing since August 18, 1985. It highlights personal career advancement and business opportunities that are available to blacks through the free

enterprise system and through social responsibility programs of corporate business. It also provides definitive guidelines on careers and advice on business enterprise, and publishes the success stories of black achievers.

City Press is part of Drum Publications and is owned by Nasionale Pers (National Newspapers), which is Cape Town-based and the largest newspaper group in the country. Basically a pro-government group, it has drawn up a special charter for City Press -- to which it stringently adheres -- that it will not change the anti-apartheid, anti-government policies of the publications.

The following individuals will work on "How Democracy Works" and have agreed to supply articles:

Percy Qoboza, editor of City Press, is at 48, South Africa's most decorated journalist. He was editor of the black newspapers The World and Weekend World when they were banned by the government in 1977. He himself was detained and was imprisoned without charges for five months. Mr. Qoboza was awarded a Neiman Fellowship in 1975 and studied political science and sociology at Harvard. After his release from detention, he edited the Post and Sunday Post (a black paper) for two years before spending two years as a guest editor on the Washington Star. He has two honorary doctorates - from Tufts University and Amherst College - and

is recipient of the Golden Pen Freedom Award, conferred by the International Publishers Association. He was also presented the Southern African Society of Journalists' Pringle Award for services to journalism.

Raymond Louw conceived and edits Prospects. He has served as editor of the Rand Daily Mail and General Manager of SA Associated Newspapers, the second largest English-language publishing group in the country. Mr. Louw is now editor and publisher of the weekly newsletter Southern Africa Report, and editorial and publishing consultant to Drum Publications. In the past Mr. Louw has served on the Board of numerous South African and international press associations. He has been active on issues of press freedom in South Africa.

General articles will be provided by Dennis Beckett, editor and owner of Frontline, a monthly magazine trying to bring the races together on the basis that each has something to give and each is not blameless in creating the divisions in South Africa. Mr. Beckett has won the SFW award for Enterprising Journalism - South Africa's Pulitzer - once for creative journalism, and once for investigative reporting. Last year he was voted one of four outstanding South Africans.

More specialized articles dealing with the mechanisms of democratic systems will be provided by specialist contributors.

II. Frontline

A. Background and Program

Frontline is an award-winning independent monthly journal of news, political commentary, and economic and cultural essays. Owned and edited by Denis Beckett, Frontline also publishes the bi-monthly Frontline Books: The South Africa Review of Literature.

Denis Beckett's thought-provoking approach to solving South Africa's problems has grabbed the attention of many South Africans, ranging from the more moderate elements of the National Party, to the white liberal opposition, to diverse elements within the black majority. In trying to create an atmosphere for political negotiation, Frontline is heavily focused on trying to convince people on all sides of the issue that democracy works, and that it can work for South Africa.

Frontline has the acceptance of South African groups which are attempting to present solutions to the South Africa problem, but which remain frustratingly far apart up

to now. Presently operating on a shoestring budget, Frontline seeks Endowment support to underwrite a seven page "democratization" section for each issue of the publication for a trial period of eleven months. The "democratization" section would deal exclusively with the democratic debate, with contributions from political figures, academics and the editor, Denis Beckett. Mr. Beckett will not be able to run this special series without Endowment support because the controversial content makes it nearly impossible to obtain the usual business advertising which covers the cost of the rest of the magazine. Mr. Beckett proposes to split Frontline by maintaining the normal range of material supported by advertising, and to add a separate section exploring democracy in the back of the magazine which would contain no advertising, but would instead be supported by an Endowment grant. This arrangement would allow Frontline to provide a forum for democratic debate without jeopardizing the entire magazine which would lose most of its advertising support if advertisements were to be used to be placed among articles generating debate on democratic alternatives.

III.U.S. Grantee

Freedom House, established in New York 44 years ago to strengthen free institutions around the world, has earned a reputation as a pre-eminent non-partisan spokesman for the principles of freedom and democracy. Among its highly respected

publications is Freedom in the World, an annual comparative survey of freedom and human rights in the world.

FREEDOM HOUSE/City Press//Frontline

Freedom House - Administrative Budget

Salaries	\$ 2,720.00
Space & utilities	960.00
Supplies & equipment	560.00
Communications & postage	1,500.00
Benefits, taxes, allowances	560.00
Audit	160.00
Other direct costs	<u>540.00</u>
	\$7,000.00

City Press

One full tabloid page devoted to "How Democracy Works" appearing in the Prospects supplement once every two weeks.

Space in <u>Prospects</u> - one tabloid page per issue, 26 times peryear (b/white)	\$30,606.35
Writers' honoraria and pictures (26 issues)	7,700.00
Other direct costs	<u>1,693.62</u>
TOTAL	\$40,000.00

Frontline - Supplement on Democracy

Printing (per page) typesetting, illustrations	\$ 231.00
Writers' fees (per page)	<u>154.00</u> 385.00
Pages per issues (7)	<u>x7</u> 2,695.00
Monthly issues (11)	<u>x11</u> 29,645.00
Total miscellaneous	<u>\$ 345.00</u>
TOTAL	\$30,000.00

MEDIATION AND RECONCILIATION

I. LAMLA

A. Background and Program

LAMLA is an inter-racial, inter-denominational conciliation and mediation group in the Western Cape which grew out of a conflict management Committee of the Western Province of Churches (but split with the Council in 1984 to become independent), and has been active in the recent Crossroads crisis. LAMLA is a Khosa word meaning "to bring together people who are in conflict." It is apolitical and considered an important force for the democratic process in South Africa. During the Crossroads crisis, when embattled groups rejected mediation, it was LAMLA volunteers and professionals who:

- arranged for Archbishop-Designate Desmond Tutu's meeting with the vigilantes, drove him to that meeting, provided him with important local background and helped him to achieve a truce;
- set up the meetings for Tutu with the "comrades" and arranged for a period of mediation in which conversation and dialogue could take place.

Because LAMLA has rejected affiliation with any

organization, it has retained access to all organizations. The aim of the organization is "to open entire communities up to participatory democracy, dialogue and critical examination of ideology through a process of training in conflict management/conflict prevention, community dialogue and leadership training."

LAMLA conducts its programs on two levels. Its grassroots program is aimed at specific communities through workshops, counselling and group social therapy, to support various community initiatives. The second level of work is aimed at various leadership groups including such disparate elements as squatter leaders, union officials, youth leaders, clergymen and teachers. Again, to encourage dialogue, LAMLA works at this level through workshops, intensive counselling in conflict management and encouragement for critical thinking about ideological questions.

The funds requested from the Endowment would enable LAMLA to train five more trainers, increase the number of workshops in the Cape area by eight, and purchase badly needed equipment.

B. Organizational Information

LAMLA is rooted in the religious community, but broke with the Council of Churches when ideological tendencies in the Council became detrimental to an organization committed to

dialogue. LAMLA has since drawn support from the broadest spectrum of religious denominations, and from a wide variety of private organizations. The Executive Committee is chaired by Sister Aine Hardiman (Dominican Order), the Secretary is Ms. Celeste Santos (teacher) and the Treasurer is Mrs. Sheila Coltham (accountant).

II. U.S. Grantee (under discussion)

The U.S. grantee will be selected based on the following criteria:

- It must not be affiliated with any political party or political organization in South Africa;
- it must have demonstrated a commitment to the elimination of apartheid in South Africa;
- the organization must be acceptable as a partner to the grantee in South Africa and should demonstrate an understanding of the program and objectives of the South African partner organization.