

DD-ABS-714

FV 0117



United States Agency for
International Development

Contract Information Management System
(CIMS)

DIRECT ACTION DATA FORM
FOR GRANTS & COOPERATIVE AGREEMENTS

1. Basic Award Number 674-0301-G-SS-4027-00	
2. Recipient Name Kwaledidi Association for Rural Development	
3. Award Description (This description will be seen by high level Agency officials, as well as members of Congress.) <i>The recipient shall provide voter education for the residents of Northern Transkei.</i>	
4. Principal Place of Performance South Africa	5. Benefiting Country South Africa
6. Project Officer Office Symbol CDD, Election Activities	Name (Last, First) Wendell, Dennis
BEST AVAILABLE COPY	
7. Grant Agreement Type <input type="checkbox"/> A. Disaster Assistance <input type="checkbox"/> B. American Schools & Hospitals Abroad (ASHA) <input checked="" type="checkbox"/> C. Other Than Those Listed Above <input type="checkbox"/> D. Title XII Authority	8. Basic Purpose <input type="checkbox"/> A. Tech. Services to Host Country <input type="checkbox"/> B. Commodities <input checked="" type="checkbox"/> C. Train. Services to Hos' Country <input type="checkbox"/> D. Research <input type="checkbox"/> E. Arch. & Engineering Services <input type="checkbox"/> F. Construction
7a. Extent Competed <input type="checkbox"/> E. Competed by the Technical Office <input type="checkbox"/> F. Competed by the Contracting Office <input checked="" type="checkbox"/> G. Not competed (unsolicited proposal) <input type="checkbox"/> H. Not competed (predominant capability, etc.)	9. Taxpayer Identification Number N/A
10. Business Organization Type <input type="checkbox"/> A. Corporation <input type="checkbox"/> B. Individual <input type="checkbox"/> C. University or College <input type="checkbox"/> D. Historically Black College or University <input type="checkbox"/> E. Educational Organization (other than University or College) <input type="checkbox"/> F. International Center <input type="checkbox"/> G. Research Organization (other than International Center) <input checked="" type="checkbox"/> H. Voluntary Organization <input type="checkbox"/> I. Foundation <input type="checkbox"/> J. Hospital <input type="checkbox"/> N. Hispanic American College or University <input type="checkbox"/> Z. Other	
11. If U.S. University, Host Country Institution N/A	
12. If obligated amount is in local currency, provide U.S. Dollar amount \$31,000	
13.a. Negotiator (Last, First, MI) Pillay, Surykumarie	13.b. Signature
14.a. Contract Officer (Last, First, MI) Dean, Leslie A.	14.b. Signature

COPY OF AWARD DOCUMENT MUST BE ATTACHED TO THIS FORM
INTERIM FORM (11-92)

PB-ABS-716

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/SOUTH AFRICA



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1994 -02- 15

Mr. M.P. Ludidi
c/o Kwaludidi Association for Rural Development
P.O.Box 402
Matatiele
4730

Subject: South Africa, Community Outreach and
Leadership Project; Grant Agreement with Kwaludidi
Association for Rural Development(KARD); Agreement
No. 674-0301-G-SS-4027-00

Dear Mr. Ludidi:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the South African Democratic Transition Support Act of 1993, the United States Agency for International Development (hereinafter "USAID") hereby enters into this Grant Agreement (hereinafter "Agreement" or "Grant") with Kwaludidi Association for Rural Development (hereinafter "KARD" or the "Grantee") and obligates the sum of \$31,000 to provide support for a program described in Attachment 1, entitled "Schedule," and Attachment 2, entitled "Program Description," of this Agreement.

This Agreement is effective and obligation is made as of the date this letter is signed by an authorized USAID representative. The Agreement and obligation shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning on the effective date of this letter and ending August 31, 1994.

This Agreement is entered into with the Grantee on the condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, "Schedule," Attachment 2, "Program Description," Attachment 3, "Standard Provisions," Attachment 4, "Disbursement of and Accounting for Agreement Funds," Attachment 5, "A.I.D. Geographic Code 935 List," Attachment 6, "Guidelines for Financial Audits Contracted for by Foreign Recipients," and Attachment 7, "Grantee Certifications". This letter and the seven attachments just described, which have been agreed to by your organization, constitute the Agreement.

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We request that you and a member of the Board of Trustees of the Kwaludidi Association for Rural Development, sign the original and one (1) copy of this letter and then return the original to USAID/South Africa.

Sincerely,



Leslie A. Dean
Director

Date: Feb 10, 1994

ACKNOWLEDGED AND ACCEPTED
KARD

By: Mr. M.P. Ludidi
Title: Chairman:
Date: _____

By: Nosisa Kotelana
Title: Project Officer
Date: _____

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions and Additional Provisions as Applicable
4. Disbursement of and Accounting for Agreement Funds
5. A.I.D. Geographic Code 935 List
6. Guidelines for Financial Audits Contracted for by Foreign Recipients
7. Grantee Certifications (Grantee Signatures Required)

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ATTACHMENT 1
SCHEDULE

I. OVERVIEW OF AGREEMENT

The primary goal of this Grant Agreement is to assist the Kwaludidi Association for Rural Development (KARD) to provide voter education in the Traditional Areas in Northern Transkei so that the disadvantaged majority can participate in an informed manner in the April 1994 election. A related aim of the Grantee is to develop the level of awareness of the potential voters in this area so that they can exercise their voting rights without fear, intimidation, or manipulation.

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 by USAID in writing, the expiration date is August 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. USAID hereby obligates the amount of \$31,000 for eligible program expenditures under this Agreement.

B. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 4 "Disbursement of and Accounting for Agreement Funds."

C. Additional funds up to the total amount of the Agreement as shown in Section III.A., above, may be obligated by USAID subject to the availability of funds, the agreement of the Parties hereto to proceed with the Grant program, and to the requirements of the Mandatory Standard Provision, Attachment 3 to the Agreement, paragraph 4 entitled "Revision of Grant Budget."

IV. FINANCIAL PLAN

A. Financial Plan

The Financial Plan for funds obligated under this Agreement is set forth in Table 1 below. Revisions of this Plan shall be made in accordance with Mandatory Standard Provision 4 of this Agreement, located in Attachment 3 and entitled "Revision of Grant Budget." The Grantee is authorized a 15% deviation between line items, provided that USAID is notified in writing of such budget changes in the Grantee's following Disbursement Report. However, any deviation in excess of 15%, or any increase in the total Grant, must be approved in advance in writing by the Director, USAID/South Africa.

Set forth in Attachment 2, Section VI., is a Detailed Illustrative Financial Plan. This Attachment 2, Detailed Illustrative Financial Plan incorporates the planned total A.I.D. contribution over the life of the Grant.

Table 1
Financial Plan
South African Rand (SAR)

<u>Item</u>	<u>Total</u>
Compensation (salaries)	41,700
Travel and Per Diem	25,300
Consultants/Training Costs	14,000
Publication Costs	9,500
Audit	5,500
Contingencies	2,750
Evaluations	2,000
Total	R 100,750

B. Level of Assistance

The total Rand amount in the Financial Plan (Table 1) above is the maximum Rand amount available under this Agreement. The conversion rate from U.S. Dollars will be the prevailing rate at the time of conversion as determined by the Controller, USAID/South Africa. To determine the U.S. Dollar amount of disbursements to the Grantee under the Agreement, an exchange rate of R3.25 to one (1) U.S. Dollar will be used. Notwithstanding the above, in no event will the total Rand amount provided to the Grantee under the Agreement exceed the obligated Dollar amount provided for in Section III. A., above.

Due to exchange rate fluctuations, the total amount of Rands available after converting the total obligated U.S. Dollar amount into Rands may exceed the Rand Budget. If the Grantee desires to use such excess Rands to finance additional eligible program expenses, it may submit to USAID a written proposal for use of such funds. If USAID is in agreement with the Grantee's proposal, the Agreement may be modified to provide for the authorized expenditures. USAID reserves the right to deobligate any Dollars in excess of those needed to fund the Rand Budget. However, should changes in the exchange rate result in fewer South African Rands being available than budgeted for, the Grantee will be responsible for financing the shortfall, since the U.S. Dollar amount prevails.

V. REPORTING

The Grantee will submit to USAID, in a timely manner, a written final progress report on activities funded and general performance under the Agreement. KARD will indicate in this final report the number of persons trained under this program,

the estimated number of voters reached, and any other relevant information regarding this program activity. The Grantee should also include a description of program accomplishments and a discussion of any problems encountered and how they were resolved. The Grantee will also maintain records and compile data on the number and locations of persons receiving voter education which may be used for assessment purposes.

VI. ADMINISTRATIVE SUPPORT COSTS

Administrative support costs are not provided for activities funded under this Grant, as specified in the Financial Plan.

VII. TITLE TO PROPERTY

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

VIII. AUTHORIZED GEOGRAPHIC CODE

The authorized geographic code for all procurement with A.I.D. funds under the Agreement is the United States, the Republic of South Africa and countries included in A.I.D. Geographic Code 935, meaning that all goods and services financed by this Agreement shall have, with respect to goods, their source and origin and, with respect to the suppliers of services, their nationality in the United States, the Republic of South Africa or in other countries included in A.I.D. Geographic Code 935. To the maximum extent practicable, goods and services financed with funds provided under this Grant should be procured from the United States. Please refer to Attachment 5 for a list of countries included in Code 935.

IX. SPECIAL PROVISIONS

A. Procurement

1. Scope. This provision is applicable to the extent that local cost financing is otherwise authorized by the Agreement. It does not require procurement in South Africa where offshore procurement could otherwise occur.

2. Policy. In the procurement of goods and services in South Africa, the Grantee shall, to the maximum extent practicable, award contracts to individuals who or organizations which have been disadvantaged by apartheid and are responsive and appropriate providers of goods and services.

3. Definitions. Individuals and organizations disadvantaged by apartheid shall mean: (1) South African individuals of "African", "Colored" or "Asian" descent whose principal place of business is in the Republic of South Africa; and (2) private partnerships or commercial firms which are incorporated in or organized under the laws of the Republic of

South Africa, whose principal place of business is in the Republic of South Africa, and which are more than 50 percent beneficially owned by South African persons of "African", "Colored" or "Asian" descent. The Republic of South Africa includes the so-called "independent" and "self-governing" homelands.

B. Competition

Except as otherwise provided in Sub-Section A. above, all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, free and open competition.

C. Staff Recruitment

The Grantee agrees that all staff recruitment for positions funded by USAID will be carried out through an appropriate competitive process and that salary levels will be in accordance with community and professional standards.

D. Travel and Per Diem

The Grantee will provide for USAID approval a copy of its travel and per diem policy covering both domestic and international travel for its staff and for program participants. The travel and per diem rates established under such policy shall not exceed U.S. Government rates. In the event the Grantee does not establish a policy, U.S. Government regulations governing travel and per diem shall apply.

E. Political Affiliation

The Grantee agrees that programs funded under this Agreement will be made available to individuals and groups regardless of their political beliefs or affiliations. The Grantee shall not discriminate in its hiring practices or in the provision of its services against individuals or organizations who associate themselves with any particular political philosophy. The Grantee shall periodically review the level of actual provision of its services to assure that persons or organizations sympathetic to certain political groupings or philosophies are not intentionally excluded from activities financed by USAID.

F. Non-Partisan and Non-Political Activities

The Grantee agrees that funds provided under this Grant will not be used to influence the outcome of any election and that conferences, planning, management, coordination and technical assistance funded under this Agreement will be developed and presented on a non-partisan and impartial basis and without any implied, perceived or actual reference to political parties or groups. Specialists associated with any aspect of this Grant Agreement will not express or espouse a political preference, encourage a political position or orient any of

the activities, voter education, or planning toward any political party or grouping during their participation in the activities supported by this Grant.

G. Collaboration with Other Existing Voter Education Activities

KARD will collaborate with other voter education and support activities to the extent necessary to ensure that methods and materials on voter education are shared and that new developments in this area of work are coordinated. KARD will also coordinate their activities with other outreach program in South Africa to avoid unnecessary duplication and replication of program activities and permit sufficient integration of activities.

X. STANDARD PROVISIONS

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

ATTACHMENT 2
PROGRAM DESCRIPTION

I. OVERVIEW OF AGREEMENT

The primary goal of this Grant Agreement is to assist the Kwaludidi Association for Rural Development (KARD) to provide voter education in the Traditional Areas in Northern Transkei so the disadvantaged majority can participate in an informed manner in the April 1994 election. A related aim of the Grantee is to develop the level of awareness of the potential voters in this area so that they can exercise their voting rights without fear, intimidation, or manipulation.

II. BACKGROUND

KARD is a regional development agency in Transkei which was formed in 1986. It is registered under Section 21 of the Companies Act of South Africa and is a company "not for gain". The philosophy of KARD is based on the ABCD (Area Based Community Development) approach and which places emphasis on institution building, self reliance and independence of communities. KARD is a non-profit making company whose official mandate is to promote integrated rural development in Northern Transkei. This organization has a Board of Directors which consists of ten members. It also has an executive committee which consists of five (5) full-time members who are directly involved in project activities. There are seven administrative staff members whose responsibilities range from managing director to fieldworkers. It is a black-led organization and members of the voter education activity are from the disadvantaged community. KARD is non-political and non-partisan and will adopt a similar approach in its voter education activities.

III. PROBLEM

The average voter in the rural areas of Transkei is uninformed and confused. The previous elections for Bantustan governments in the homelands have contributed very little to the knowledge and experiences necessary for real multi-cultural and pluralist political dispensation. The exercise of the right to vote needs to be strengthened with a clear understanding of voting procedures and democratic principles.

IV. PURPOSE

The purpose of this Grant is to provide support to KARD to provide voter education to the disadvantaged majority in the Northern Transkei. KARD's voter education program will address the various issues involved in voting, the manner in which voting

proceeds, tolerance, and an understanding of democracy. Support for this activity will also contribute towards capacity building of a black-led organization.

V. PROGRAM DESCRIPTION

The program activity proposes to educate rural voters in 13 Traditional Areas in Northern Transkei so that they can exercise their vote in the forthcoming national election. The total population that KARD expects to reach is approximately 182,000. KARD proposes to transmit voter education firstly through the representatives of the 13 Traditional Areas and then through the village structures. There are 65 villages which have been identified.

The training of the trainers is expected to take place at two levels: Firstly, there will be a training session for thirteen (13) 'development extension workers' in the 13 Traditional Areas. Apart from training these trainers on voter education the course will also train them as managers of voter education. These 13 'extensionists' will supervise and train 65 village organizers who will actually be carrying out voter education in their own constituencies. The 'extensionists' will not only train the organizers, but will also manage and monitor their activities. The association will also popularize voter education in the form of theater. A 'popular theater group of five' will convey voter education through plays, role playing etc. The program will focus on the needs of women and youth as a specific target group.

USAID will provide financial support for management, training, publications, travel and per diem, and to provide limited institutional support for the management of the activity including financial management and office support.

KARD will summarize in a final report the number of persons trained under this program, the estimated number of voter reached, the times and location of the training activities, and any other relevant information to be mutually agreed upon, by the Parties regarding this program activity. KARD will submit this final written report to USAID not later than June 30, 1994.

VI. A detailed illustrative budget for the KARD voter education program is provided below. This detailed budget is intended to assist KARD and USAID/South Africa monitor the program effectively and corresponds to the Financial Plan Budget, Table 1, described in the "Schedule", Attachment 1, which is the formal binding budget for this Grant.

DETAILED ILLUSTRATIVE FINANCIAL PLAN
(South African Rand) (SAR)

A.	Salaries		41,700
	Project Manager/bookkeeper R2000 X 3 months	6,000	
	Extension Coordinator R1500 X 3 months	4,500	
	13 Extension Workers @ 13 X R300 pm X 3 months	11,700	
	65 Village Organizers @ 65 R100 pm X3 months	19,500	
B.	Training Costs		14,000
	Training Course for Management of Voter Education	4,000	
	Training Course for Voter Education and presentation	10,000	
C.	Publication Costs		9,500
	Brochures pamphlets and posters	3,000	
	Public Education via population theater	<u>6,500</u>	
D.	Travel and Per Diem		25,300
	Lease of Vehicles	21,600	
	Subsistence and Ground Travel	2,500	
	Gasoline: 2 x R200 x 3 months	1,200	
E.	Evaluation		2,000
F.	Contingencies		2,750
G.	Audit		5,500
	Total		100,750

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FISCAL DATA AND CLEARANCES:

1. Fiscal Data:

Agreement No: 674-0301-G-SS-4027-00

Grantee: Kwaludidi Asscciation for Rural development (KARD)

Appropriation: 72-114/51014

BPC: C1554-94-216,74-KC11.3

Reservation Control No.: B0140073

Amount: \$31,000

Total Project Obligations To Date including Current Grant Obligation: \$

Total Project Authorization Amount: \$110,000,000

Agreement Completion Date: August ³¹~~30~~, 1994

Project Assistance Completion Date (PACD): 12/31/98

Funds Available: 01 FUNDS AVAILABLE

ACCT: Cia Costa

Date: 02/10/94

2. Clearances for Action Memorandum, Grant Agreement Letter and Attachments 1-7:

Drafted: SKPillay:CDD

Clearance:

DWendel:CDD Wendel

DRathbun: GDO Rathbun

FMangera:PRO _____

DKeene:RLA Keene

GHensley:CONT Hensley

WFord:DD Ford

SRJ

ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SOUTH AFRICA

DATE: February 2, 1994

FROM: Sury K. Pillay, CDD

SUBJECT: South Africa Community Outreach and Leadership Development (COLD) Project (674-0301); Kwaludidi Association for Rural Development (KARD) - Transkei Voter Education, Agreement No. 674-0301-G-SS-4027-00

I. PROBLEM

Your approval is required to obligate U.S. \$31,000 of FY1994 funds under the Community Outreach and Leadership Development (COLD) Project (674-0301) through a Grant Agreement with Kwaludidi Association for Rural Development (KARD), as described herein.

II. AUTHORITY

Pursuant to Redelegation of Authority No. 452, the Director, USAID/SA, has authority to authorize and execute grants, and amendments thereto, with non-governmental organizations (NGOs) in an amount not to exceed \$5.0 million per grant.

III. DISCUSSION

KARD is a regional development agency in Transkei which was formed in 1986. It is registered under Section 21 of the Companies Act of South Africa and is a company "not for gain". The philosophy of KARD is based on the ABCD (Area Based Community Development) approach which places emphasis on institution building, self reliance and independence of communities. KARD is a non-profit making company whose official mandate is to promote integrated rural development in Northern Transkei. This organization has a Board of Directors which consists of ten members. It also has an executive committee which consists of five (5) members who are directly involved in project activities. There are seven administrative staff members whose responsibilities range from management to fieldwork. It is a black-led organization and members of the voter education activity are from the disadvantaged community. KARD is non-political and non-partisan and will adopt a similar approach in its voter education activities.

The program activity proposes to educate rural voters in 13 Traditional Areas in Northern Transkei so that they can exercise their right to vote in the forthcoming national election. The total population that KARD expects to reach is approximately 182,000. KARD proposes to transmit voter education firstly through the representatives of the 13 Traditional Areas and then through the village structures. There are 65 villages which have been identified. One of the projects currently developed by KARD

is the Kwaludidi Water Supply Program. KARD is responsible for the construction of 40 gravity-fed village water supply systems in the traditional areas. The proposed voter education program will operate through this existing village structure. The organization will also use pre-school and primary health care facilities to reach the voting population.

The training of the trainers is expected to take place at two levels. First, there will be a training session for thirteen (13) "development extension workers" in the 13 Traditional Areas. Apart from training these trainers on voter education, the course will also train them as managers of voter education. These 13 "extensionists" will supervise and train 65 village organizers who will actually be carrying out voter education in their own constituencies. The "extensionists" will not only train the organizers, but will also manage and monitor their activities. The association will also popularize voter education in the form of theater. A "popular theater group of five" will convey voter education through plays, role playing, etc. A specific target group of the project will be women and youth. Women in the rural areas of Transkei outnumber men. Furthermore, most of the men form part of the migratory labor system in the mines, and as a result the youth and the women are the people left in the villages. So, by virtue of these demographic factors and the fact that women have been historically subjected to discrimination, this project will focus on their needs specifically. The content of the voter education program comprises a number of components such as the actual voting procedure to the principles of democracy, accountability, and tolerance.

IV. ISSUES

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

A. Action Plan and Strategic Objective(s) - This proposed Agreement was discussed during the FY94 Community Development Outreach and Leadership Development Project (COLD), Action Plan reviews dated January 10, 1994 and approved. This activity is consistent with the Strategic Objective to ensure that the majority population participates more fully in the political development of the country. The activity also complies with the Strategic Target: to help prepare for a free and fair election.

B. Grantee's Illustrative Budget and Cost Negotiation - The CDD conducted verbal negotiations with KARD to establish its priorities for funding. The major cost components are for management, training, publications, travel and per diem. The budget and costs have been reviewed within the Mission as part of the grant approval process and have been determined to be fair, reasonable and allowable for a grant of this nature. The grant

file contains sufficient support for this determination.

C. Competitive Procedures or Non competitive Justification - Although competition is to be encouraged in the award of grants and cooperative agreements to NGOs (Handbook 13, Chapter 2B), Chapter 2B3a permits exceptions to competition where the proposal "is not solicited by A.I.D." and where the proposal is "unique, innovative, or proprietary and acceptance would be fair, reasonable, and would represent appropriate use of A.I.D. funds to support or stimulate a public purpose." KARD has submitted an unsolicited proposal, and it is the determination of the CDD that the activity is "unique and innovative". This determination is based on the fact that KARD will be providing voter education at a "grassroots" level. Furthermore, this program activity is not only geared towards the rural community but is also concerned with the specific needs of women and youth. It is an attempt to raise the consciousness of the voting population by participation in local structures. No other organization has proposed a similar model or outreach program for voter education in Transkei. Because this activity is consistent with USAID program objectives and is so unique and innovative, acceptance of the KARD proposal would be fair and reasonable and would represent an appropriate use of USAID funds.

D. Technical and Management Capability - It is the CDD's determination that the subject organization possesses suitable policies and practices to ensure adequate management of USAID funds provided under the Grant Agreement. This determination is based on the fact that the project is overseen by the executive members. A special portfolio exists for a managing director whose specific function it is to manage the project. The administrative secretary assists the managing director in his functions. Sufficient management capability exists which is consistent with the proposed funding level. KARD has also received rural development and technical assistance from a Canadian NGO in its previous projects and will thus be in a position to utilize these skills.

E. Financial Management Capability - A financial review of KARD's financial management systems was conducted on February 2, 1994 which certified that the Grantee possesses adequate accounting systems, books and records for the administration of this Agreement.

F. PVO Registration Determination - The proposed Grantee does not qualify as a Private Voluntary Organization, as defined in A.I.D. Handbook 3, Appendix 4C and 88 State 356010 because they do not solicit or receive voluntary contributions of money, staff time or in-kind support from the general public.

G. Grantee Contribution - A Grantee contribution (financial and/or in kind) of not less than 25% of total grant

project costs has been provided. KARD receives funding from a Canadian Donor which accounts for not less than 25% of the total project cost.

H. Sustainability - The proposed Grantee is not expected to continue any activities funded under this grant after the April 1994 national election. The aim and objective of the proposed Grantee is to provide voter education to the residents of Transkei for the forthcoming election. Once this task is completed, the activities and funding is not expected to continue. However the skills and knowledge acquired during this process will be an asset to the country for future elections.

J. Standard Issues

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

2. Payment Verification Requirements - Payment verification requirements for the Grantee are satisfied by: (a) the specification of financial management and reporting procedures in the attached Agreement; (b) the certification by the USAID Controller of the recipient organization's ability to handle initial Agreement disbursements; and (c) provision in the proposed Agreement for annual audits of use of Agreement funds.

3. Recurrent Costs - Donor financing of recurrent costs, such as salaries, allows the Grantee to provide an essential service that is unmet by the public sector and, due to the limited income of the beneficiaries, cannot be met through normal market channels. Recurrent cost assistance in such cases is justified under category 2 of USAID's Recurrent Cost Policy. The "design considerations" outlined in this policy document have been taken into consideration in the design and negotiation of this Agreement.

4. Selection of a Grant as the Assistance Instrument - It is the determination of the CDD that, in accordance with Handbook 13, Chapter 6, a grant is the appropriate assistance mode to be utilized, as A.I.D. is not procuring goods or services and does not require a substantial degree of operational control or involvement in project implementation. The attached document is, in form and substance, a grant as defined by A.I.D.

V. RECOMMENDATION

It is recommended that, pursuant to your authority under Redlegation of Authority No. 452, you: (1) approve noncompetitive selection in accordance with the justification provided above; (2) authorize the proposed Agreement to KARD by signing below; and (3) execute said Agreement, as attached, by signing on the appropriate page and line as indicated.

Approved: Leslie A. Dean
Leslie A. Dean
Director, USAID/SA

Disapproved: _____

Date: Feb 10, 1994