

PL-ABS-118  
1971



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-4046-00	
2. Recipient Name National literacy Co-operation	
3. Award Description (This description will be seen by high level Agency officials, as well as members of Congress.) The recipient shall... provide voter education to the illiterate and semi-literate adult community in South Africa.	
4. Principal Place of Performance South Africa	5. Benefiting Country South Africa
6. Project Officer Office Symbol: GDO/CDD Name (Last, First): Pillay, Surykumarie	
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 Host 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	
12. If obligated amount is in local currency, provide U.S. Dollar amount \$69,000	
13.a. Negotiator (Last, First, MI) Wendel, Dennis	13.b. Signature <i>Dennis Wendel</i>
14.a. Contract Officer (Last, First, MI) Dean, Leslie A.	14.b. Signature <i>Leslie A. Dean</i>

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COPY OF AWARD DOCUMENT MUST BE ATTACHED TO THIS FORM

PD-ABJ-718

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/SOUTH AFRICA



Tel: (012) 323-8869

P.O. Box 55380  
Arcadia, Pretoria 0007

Fax: (012) 323-6443

1994 -02- 22

National Literacy Co-operation  
c/o Mr. Kumi Naidoo  
415 Hampstead House  
46 Biccard Street  
Braamfontein  
2001

Subject: South Africa Community Outreach and  
Leadership Development Project; Grant Agreement with  
National Literacy Co-operation; Agreement No. 674-  
0301-G-SS-4046-00

Dear Mr Naidoo:

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 U.S. Agency for International Development (hereinafter "USAID") hereby enters into this Grant Agreement (hereinafter "Agreement" or "Grant") with the National Literacy Co-operation (hereinafter "NLC" or the "Grantee") and obligates the sum of \$69,000 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.

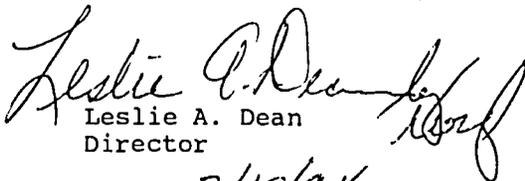
This Agreement is entered into with the Grantee on the condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, "Schedule," Attachment 2, "Program Description," Attachment 3, "Standard Provisions," Attachment 4, "Disbursement of and Accounting 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 National Literacy Co-operation sign the original and one (1) copy of this letter and then return the original to USAID/South Africa. The "Grantee Certifications" in Attachment 7 should also be signed and sent to USAID/South Africa.

Sincerely,

  
Leslie A. Dean  
Director

Date: 2/19/94

ACKNOWLEDGED AND ACCEPTED  
National Literacy Co-Operation

\_\_\_\_\_  
By: Mr. Kumi Naidoo  
Title: Executive Director  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: Colin Haskins  
Title: Project Co-ordinator  
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 is to assist the National Literacy Co-operation to provide voter education to illiterate and semi-literate disadvantaged South Africans. The long-term aim and objective of the Grant Agreement is to entrench an education about democratic principles in civil society by developing an "education for democracy curriculum" to be used in a broader literacy curriculum. The NLC aims to instill in the electorate a culture of democracy through participation in the political process.

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 \$69,000 for eligible program expenditures under this Agreement.

B. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 4 entitled "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."

D. Local Cost Financing

The amount of U.S. dollars authorized to be used for local cost financing is the entire amount obligated under this Agreement.

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.

Table 1  
Financial Plan  
South African Rand (SAR)

<u>Item</u>	<u>Total</u>
Workshop Costs	100,000
Voter Education Materials	90,000
Project Support	27,500
Audit	5,500
Contingencies	<u>1,250</u>
 Total	 224,250

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.

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, not sooner than six months prior to the expiration date of the Grant, 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. NLC will indicate in this final report the number of persons trained under this program, the estimated number of potential voters reached, a brief description of the purpose and accomplishments of the regional workshops for the member organizations, and any other relevant information regarding this program activity. The content of the report will be mutually agreed upon by the Parties but should include a brief description of program accomplishments during the program activity and a discussion of any problems encountered and how they were resolved.

#### VI. ADMINISTRATIVE SUPPORT COSTS

Limited administrative support costs are covered 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 so called "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 so called "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.

The NLC 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. The NLC will also coordinate their activities with other outreach programs in South Africa to avoid unnecessary duplication and replication of program activities and permit sufficient integration of activities.

#### H. Condition to the Disbursement of Grant Funds

There shall be no disbursements of any Agreement funds until the National Literacy Co-operation has advised USAID, in writing, who the two mandatory cheque signatories are.

#### 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 the National Literacy Co-operation is to provide voter education to illiterate and semi-literate disadvantaged South Africans. The long-term aim and objective of the organization is to entrench an education about democratic principles in civil society by developing an "education for democracy curriculum" to be used in a broader literacy curriculum. The NLC aims to instill in the electorate a culture of democracy through participation in the political process.

II. BACKGROUND

The NLC is a non-governmental organization with one hundred and seven member organizations and groups throughout South Africa. The members are non-governmental organizations who provide Adult Basic Education (ABE) to the estimated fifteen million adults who have had little or no education. The majority of the member organizations are involved in direct teaching. Other organizations also produce materials and train teachers. Member groups are based in rural and urban areas, and work in both mother-tongue literacy and basic English as a second language.

III. PROBLEM

In South Africa, 60% of black adults are illiterate (this compares with about 2% of whites). For illiterate and semi-literate adults, the very act of voting let alone deciding who to vote for is extremely difficult and intimidating. In addition to not having access to information sources, this constituency has had little or no experience with the political process, and often do not realize the impact they can have as individuals.

IV. PURPOSE

The purpose of this Grant is to provide financial support to the NLC to provide voter education to the illiterate and semi-literate adult population of South Africa. The NLC will address the problems associated with this target group at a national level. This Grant will also strengthen the Grantee's capabilities to provide adult education in the long term.

## V. PROGRAM DESCRIPTION

The NCL proposes to provide voter education to its literary groups in the 10 regions of the country. The national office coordinates these 10 geographical regions. Each region has a voter education taskforce which coordinates with the national office. Each taskforce identifies its specific needs and priority tasks for its region. The members have ongoing literacy programs and these pre-existing structures will be used for voter education. The NLC liaises with these CBO's and NGO's to select and train voter educators from the community. Each region will conduct a minimum of 30 workshops i.e. 10 each in February, March, and April. Apart from having voter education workshops, the organization aims to develop voter education material specifically geared for the illiterate/semi-literate adult community. The materials will be translated into approximately six ethnic languages and distributed to all NLC literary members, individual participants, and their families. The estimated number of "learners" and "tutors" for the entire program is 31,900.

USAID will provide financial support for workshops, coordination of voter education activities, voter education materials, distribution of materials, and limited institutional support for the management of the activity including financial management and office support.

The NLC will summarize in a final report the number of persons trained under this program, the estimated number of voters 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. The NLC will submit this final written report to USAID not later than June 30, 1994.

VI. DETAILED ILJ. USTRATIVE FINANCIAL PLAN  
(South African Rand) (SAR)

1.	Voter Education Training Workshops in each region		100,000
1.1	Regional Workshops: (transport, lunch and honoraria for two facilitators, plus materials):	90,000	
	30 workshops X 10 regions X R300		
1.2	10 regional workshops R1,000/region	10,000	
2.	Voter Education materials		90,000
2.1	Subsidized distribution of Active Voice and other newspaper insets: 30 000 X 6 issues X 50c	90,000	
3.	Project Support:		27,500
3.1	1 meeting of taskforce (May, 1994) R1200/person X 10	12,000	
3.2	2 telephone conferences of taskforce*	2,500	
3.3	Staff support (1 day/month) R200/day X 6 days X 10 regions	12,000	
3.4	Office expenses: (telephone, fax office supplies etc.)	1,000	
	Audit		5,500
	Contingencies		1,250
	TOTAL		224,250

\* In order to cut expenses the organization will have two national telephone conferences between the 10 regional taskforce representatives.

FISCAL DATA AND CLEARANCES:

1. Fiscal Data:

Agreement No: 674-0301-G-SS-4046-00

Grantee: National Literacy Co-operation (NLC)

Appropriation: 72-114/SIC14  
BPC: 0554-94-21614-KG13

Reservation Control No.: B940082

Amount: \$69,000

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

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

Agreement Completion Date: August 31, 1994

Project Assistance Completion Date (PACD): December 31, 1998

Funds Available: 61 FUNDS AVAILABLE

ACCT: C. da Costa

Date: 03/17/94.

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

Drafted: SKPillay

Clearance:

DWendel: CDD BW

JBeebe: GDO Beebe ~~[Use for GDO Activities]~~

FMangera: PRO

DKeene: RLA Keene

GHensley: CONT Hensley

WFord: DD Ford

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SKJ

**ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SOUTH AFRICA**

**DATE:** February 10, 1994

**FROM:** Sury K. Pillay, CDD

**SUBJECT:** South Africa Community Outreach and Leadership Development Project (674-0301); National Literacy Co-operation, Agreement No. 674-0301-G-SS-4046-00

**I. PROBLEM**

Your approval is required to obligate U.S. \$69,000 of FY1994 funds under the Community Outreach and Leadership Development Project (COLD), (674-0301) through a Grant Agreement with the National Literacy Co-operation (NLC) organization, as described herein.

**II. AUTHORITY**

Pursuant to Redlegation of Authority No. 452, the Director, USAID/South Africa, 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**

The NLC is a non-governmental organization with one hundred and seven member organizations and groups throughout South Africa. The members are non-governmental organizations who provide Adult Basic Education (ABE) to the estimated fifteen million adults who have had little or no education. Member groups are based in rural and urban areas, and work in both mother-tongue literacy and basic English as a second language.

The NLC proposes to provide voter education to its literacy groups in the 10 regions of the country. The national office coordinates these 10 geographical regions. The members have ongoing literacy programs and these pre-existing structures will be used for voter education. Each region will conduct a minimum of 30 workshops i.e. 10 each in February, March, and April. Apart from having voter education workshops, the organization will be using existing voter education materials to develop voter education materials specifically geared for the illiterate/semi-literate adult community. The materials will be translated into approximately six ethnic languages and distributed to all NLC literary members, individual participants, and their families. The estimated number of "learners" and "tutors" for the entire program is 31,900.

The aim and objective of the NLC is two-fold: First, the organization intends to prepare "learners" and "tutors" so they are able to participate fully in the first non-racial election in

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April 1994. And second, it aims to entrench an education about democratic practices in civil society by developing an "education for democracy" curriculum to be used in a broader literacy curriculum. It aims to instill in the electorate a culture of democracy through participation in the political process. This organization, together with other literary groups, is applying the Adult Basic Education methodology which addresses the lack of education prevalent among the marginalised adult population in South Africa. The organization promotes development through its efforts to attain universal adult literacy in South Africa.

#### 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 Outreach and Leadership Development Project (COLD), Action Plan review dated January 28, 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 NLC to establish its priorities for funding. The major cost components are for workshops; voter education materials; project costs and minimum administrative expenses. 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 NG's (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." The NLC 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 the NLC proposal targets voter education specifically for a "captive group" (semi-literate and illiterate people already participating in NLC's existing literacy program). This is the only proposal that CDD has received that provides voter education for this target group on a national basis. The organization not only has a professional approach to its work in literacy and adult basic education, but

it also emphasizes learner empowerment and full participation by beneficiaries in all aspects of its design and implementation for voter education. The program activity will be using pre-existing structures to reach the potential target group. The program also incorporates "grassroots perspectives and needs" and recognizes that development is multifaceted and that literacy is but one aspect of development. This holistic approach to literacy and voter education in particular will contribute positively to South African society. Because this activity is consistent with USAID program objectives and is so unique and innovative, acceptance of the NLC 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 organization has a well developed and able national structure and its member organizations are all independent and able NGO's or CBO's with strong technical capabilities of their own. The Board of Trustees also has a keen interest in the project activities. This specific program activity has a taskforce set up for each region. Sufficient management capability exists which is consistent with the proposed level of funding. This organization is also funded and managed by the Human Resources Development Division of USAID and showed sufficient management and technical capability in administering this Grant.

E. Financial Management Capability - A financial review of NLC's financial management systems was conducted during February 1994, which reviewed the Grantee's accounting systems, books, and records for the administration of this Agreement. One major weakness was that there is only one cheque signatory. A condition to disbursement of funds is included in the Agreement to ensure that the Grantee has at least two mandatory signatories.

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 it does 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. The NLC receives assistance from other donors in the form of administrative and advisory support which accounts for not less than 25% of the total project cost. The NLC also receives funding from USAID for other project activities which are managed by the Human Resources Division.

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 its member organizations for the forthcoming election. Once this task is completed, the activities and funding is not expected to continue. However, since the approach of the organization to voter education is holistic, the knowledge gained during this process will contribute to adult literacy and preparation for future regional and other elections.

I. Standard Issues

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

2. Payment 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.

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 NLC 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/South Africa

Disapproved: \_\_\_\_\_

Date: \_\_\_\_\_

*2/19/94*