



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-4043-00	
2. Recipient Name Dientjie Advice and Resource Center	
3. Award Description (This description will be seen by high level Agency officials, as well as members of Congress.) The recipient shall... administer a voter education and identity document activity for the Dientjie area in the rural Eastern Transvaal.	
4. Principal Place of Performance Eastern Transvaal	5. Benefiting Country South Africa
6. Project Officer Office Symbol: CDD Name (Last, First): McCourt, Danielle	
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 N/A	
12. If obligated amount is in local currency, provide U.S. Dollar amount \$31,000	
13.a. Negotiator (Last, First, MI) Mccourt, Danielle	13.b. Signature <i>Danielle McCourt</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

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PD-ABJ-945

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/SOUTH AFRICA



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P.O. Box 55380
Arcadia, Pretoria 0007

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Mr. Idos Mokoena
Dientjie Advice and Resource Center (DARC)
P.O. Box 279
Graskop
1270

Subject: South Africa Community Outreach and Leadership
Development Project; Grant Agreement with Dientjie
Advice and Resource Center (DARC); Agreement No. 674-
0301-G-SS-4043-00

Dear Mr. Mokoena:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the South African Transition to Democracy Act of 1993, the Agency for International Development (hereinafter "USAID") hereby enters into this Grant Agreement (hereinafter "Agreement" or "Grant") with the Dientjie Advice and Resource Center (hereinafter "DARC" 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.

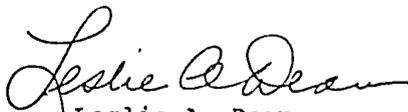
This Agreement is effective and obligation is made as of the date this letter is signed by an authorized USAID representative. The Agreement and obligation shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning on the effective date of this letter 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 Dientjie Advice and Resource Center 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 9, 1994

ACKNOWLEDGED AND ACCEPTED

Dientjie Advice and Resource Center

By: Mr. Idos Mokoena
Title: Head Coordinator
Date: _____

By: Mr. Joe Makhubedu
Title: Chairperson, Board of Trustees
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

This Grant will enable the Dientjie Advice and Resource Center to provide a voter education and identity document activity for the communities of the Dientjie area during the period prior to the April 1994 election. Three facilitators will be trained in voter education and will, in turn, conduct 100 education workshops for the residents of the villages of Hlabekisa, Mpathu, Mathebidi, Phiring and Leboeng in the Eastern Transvaal.

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.

Table 1
Financial Plan
South African Rand (SAR)

<u>Item</u>	<u>Total</u>
Compensation (salaries)	45,600
Travel and Per Diem	22,000
Capital Expenditures	6,000
Program Support Costs	7,800
Administrative Support Costs	12,100
Audit and Accounting Services	7,000
Total	100,500

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.

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

DARC will compile data regarding activity implementation and outreach in the form of a monthly summary. This data will be used to produce a comprehensive written report on the impact of their voter education program, which DARC will submit to USAID within thirty days of completion of activities funded under the Agreement. The content of the comprehensive report will be mutually agreed upon by the Parties but should include a description of the persons trained, activity

accomplishments, a discussion of problems encountered and how they were resolved and any other information relevant to activity impact.

VI. ADMINISTRATIVE SUPPORT COSTS

Administrative support costs are 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. Condition Precedent to Disbursement

There shall be no disbursement of any Agreement funds until DARC has appointed an accounting firm to render accounting and financial management services in form and substance satisfactory to the USAID Controller.

B. 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, so-called "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, so-called "colored" or Asian descent. The Republic of South Africa includes the so-called "independent" and "self-governing" homelands.

C. 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.

D. 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.

E. 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.

F. 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.

G. Non Partisan Voter Education Materials and Training

The Grantee agrees that funds provided under this Grant will not be used to influence the outcome of any election and that the workshops, materials, planning and coordination 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.

Trainers associated with any aspect of this voter education and support activity will not express or espouse a political preference, encourage a political position or orient education activities, training or planning toward any political party or grouping during their participation in the activities supported by this Grant.

H. Collaboration with Other Existing Voter Education Activities

DARC will collaborate with other voter education and support activities to the extent necessary to ensure that voter materials are shared and that new materials are not developed that already exist. Also, DARC will coordinate voter education outreach activities with other groups in South Africa to avoid duplication and replication of program activities.

X. STANDARD PROVISIONS

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

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ATTACHMENT 2
PROGRAM DESCRIPTION

I. OVERVIEW OF AGREEMENT

This Grant will enable the Dientjie Advice and Resource Center to provide a voter education and identity document activity for the communities of the Dientjie area during the period prior to the April 1994 election. Three facilitators will be trained in voter education and will, in turn, conduct 100 education workshops for the residents of the villages of Hlabekisa, Mpathu, Mathebidi, Phiring and Leboeng in the Eastern Transvaal.

II. BACKGROUND

The Dientjie Advice and Resource Center (DARC) is an Eastern Transvaal community-based organization that was established in 1991 with the primary purpose of providing advice on issues of concern to the residents of the remote rural communities of Dientjie. DARC provides services to approximately 100,000 residents of the five villages that comprise the Dientjie area--Hlabekisa, Mpathu, Mathebidi, Phiring and Leboeng. DARC has expanded their activities to include a drought relief program, computer skills training, literacy education activities, and a feeding scheme. DARC has successfully implemented these activities with past assistance from the Kagiso Trust and Eskom.

The organizational structure of DARC consists of a Management Committee of 5 members that are selected from church, civic and youth groups in the Dientjie region. All financial and policy decisions regarding DARC's activities are first presented to the Management Committee and approved before any action is taken. The staff includes two coordinators, one administrator and a range of volunteers that assist with activities and field work.

III. PROBLEM

The 85,000-100,000 people that reside in the Dientjie region are primarily residents of remote rural villages. These villages have remained isolated due to a lack of development programs in the area and have very little access to media resources. The absence of media, exacerbated by an 80% illiteracy rate, has prevented the majority of the population from receiving any type of substantial voter education and registration information.

IV. PURPOSE

The purpose of this Grant is to provide assistance that will enable DARC to administer a voter education activity for the five villages that comprise the Dientjie region. An activity

of this nature will prepare this sector of South Africa's disadvantaged population for an active and participative role in a post-apartheid South Africa.

V. PROGRAM DESCRIPTION

DARC has identified the need for a full-time, comprehensive and accessible voter education and identity document activity that will address the particular issues of the isolated and primarily illiterate communities they serve. DARC will hire two coordinators and three facilitators that would travel to the five villages of the Dientjie area and conduct 100 voter education workshops, educating approximately 150 participants per workshop. DARC will build upon their established relationships with community leaders and other regional organizations and engage their assistance in encouraging and recruiting resident participation.

The workshops will be conducted in the four languages of the area--Pulana, Pedi, Zulu and English--and the information provided will be purely non-partisan and use material derived from sources such as the South African Council of Churches (SACC) and the Black Sash. The workshop curriculum will cover essential information on the democratic process, voter qualifications and rights, voting procedures, the provisions of the election law and the post-election responsibilities of all election participants. The workshop's methodology will address the needs of the illiterate participants by focusing on a clear and comprehensive oral presentation, mock balloting and the use of impartial voter education video cassette tapes.

In addition to the workshop component of the activity, DARC will also aid community members to obtain identity documents by providing education in voting requirements, supplying registration materials and assisting with the completion of documentation. DARC is currently facilitating discussion with the Department of Home Affairs with the hopes of securing a mobile identity document station for the Dientjie region.

Financial support from USAID will provide for the salaries and local transportation costs for two voter education coordinators, three workshop facilitators and one administrator for a period of four months; the purchase of workshop materials; the hiring of a television and video cassette recorder for training purposes; capital expenditures such as a computer, printer and software; and related administrative support costs including stationery, printing, telephone, postage and photocopying.

DARC also plans to increase the impact and outreach of the grant activity by building upon established working relationships with other community organizations in the Dientjie area and others by training selected members in voter education to enable them to conduct their own workshops. Efforts would be coordinated among all participating community organizations to avoid duplication of voter education

activities and workshops would be implemented in a completely impartial and non partisan manner with no reference to any political party.

This activity will enable DARC to educate approximately 15,000 of the eligible voters in the Dientjie area through a total of 100 workshops. DARC has agreed to collect and maintain information regarding activity implementation and outreach in the form of a monthly written report. These monthly reports will be kept on the project site and remain available for use by USAID for voter education activity assessment purposes. Funding has been provided in the budget for staff compensation for up to one month following the April 1994 election, in order to enable DARC to carry out a complete evaluation of their voter education program.

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VI. DETAILED ILLUSTRATIVE FINANCIAL PLAN
South African Rands (SAR)

SALARIES AND COMPENSATION

Coordinators' Salaries	
R2,000/month X 2 X 4 months	16,000
Facilitators' Salaries	
R1,800/month X 3 X 4 months	21,600
Administrator	
R2,000/month X 4 months	<u>8,000</u>
Subtotal	45,600

TRAVEL AND PER DIEM

Local Transport for Facilitators	
Hire of Vehicle and Petrol	
@ R5500/month X 4 months	22,000
Subtotal	22,000

CAPITAL EXPENDITURES

Computer	3,500
Printer	1,500
Software	<u>1,000</u>
Subtotal	6,000

PROGRAM SUPPORT COSTS

Workshop Materials	6,300
Hiring of Television and Video Cassette Recorder	
R500/month X 3 months	<u>1,500</u>
Subtotal	7,800

ADMINISTRATIVE SUPPORT COSTS

Stationery	
R875/month X 4 months	3,500
Telephone	
R900/month X 4 months	3,600
Photocopying	
R650/month X 4 months	2,600
Rental of Photocopier	
R600/month X 4 months	<u>2,400</u>
Subtotal	12,100

AUDIT AND ACCOUNTING SERVICES	<u>7,000</u>
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TOTAL ESTIMATED COSTS	100,500
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FISCAL DATA AND CLEARANCES:

1. Fiscal Data:

Agreement No: 574-0301-G-SS-4043-00

Grantee: Dientjie Advice and Resource Center

Appropriation: 72-114/51014

BPC: GSS4-94-21674-KG13

Reservation Control No.: B94C059

Amount: \$31,000

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: FUNDS AVAILABLE

ACCT: Caacasto

Date: 09/07/94

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

Drafted: DMccCourt, CDD DM

Clearance:

DWendel:CDD	<u>TW</u>
DRathbun:GDO	<u>DR</u>
FMangera:PRO	<u>FM</u>
DKeene:RLA	<u>DK</u>
GHensley:CONT	<u>GH</u>
WFord:DD	<u>WF</u>

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ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SOUTH AFRICA

DATE: January 31, 1994

FROM: Danielle McCourt, CDD. DM

SUBJECT: South Africa Community Outreach and Leadership Project (674-0301); Dientjie Advice and Resource Center (DARC) Agreement No. 674-0301-G-SS-4043-00

I. PROBLEM

Your approval is required to obligate U.S. \$31,000 of FY1994 funds under the COLD Project (674-0301) through a Grant Agreement with the Dientjie Advice and Resource Center, as described herein.

II. AUTHORITY

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

III. DISCUSSION

The Dientjie Advice and Resource Center (DARC) is an Eastern Transvaal community-based organization that was established in 1991 with the primary purpose of providing advice on issues of concern to the residents of the remote rural communities of Dientjie. DARC provides services to approximately 100,000 residents of the five villages that comprise the Dientjie area--Hlabekisa, Mpathu, Mathebidi, Phiring and Leboeng. DARC has expanded their activities to include a drought relief program, computer skills training, literacy education activities, and a feeding scheme. DARC has successfully implemented these activities with past assistance from the Kagiso Trust and Eskom.

DARC has identified the need for a full-time, comprehensive and accessible voter education and identity document activity that will address the particular issues of the isolated and primarily illiterate communities they serve. DARC will hire two coordinators and three facilitators that will travel to the five villages of the Dientjie area and conduct 100 voter education workshops, educating approximately 150 participants per workshop. DARC will build upon their established relationships with community leaders and other regional organizations and engage their assistance in encouraging and recruiting resident participation.

The workshops will be conducted in the four languages of the area--Pulana, Pedi Zulu and English--and the information

provided will be purely non-partisan and use material derived from sources such as the South African Council of Churches (SACC) and the Black Sash. The workshop curriculum will cover essential information on the democratic process, voter qualifications and rights, voting procedures, the provisions of the election law and the post-election responsibilities of all election participants. The workshop's methodology will address the needs of the illiterate participants by placing emphasis on a clear and comprehensive oral presentation, mock balloting and the use of impartial voter education video cassette tapes.

Financial support from USAID will provide monetary compensation and travel allowances for two voter education coordinators, three workshop facilitators and an administrator for the four-month duration of the activity; the purchase of workshop materials; the hiring of a television and video cassette recorder for training purposes; capital expenditures such as a computer, printer and software; and related administrative support costs including stationery, telephone, postage and photocopying.

This activity will enable DARC to educate approximately 15,000 residents of the Eastern Transvaal through a total of 100 workshops. The ultimate impact will be much larger because workshop participants will train other community residents in their immediate vicinities both formally and informally. DARC has agreed to collect and maintain information regarding activity implementation and outreach in the form of a written report. This report will be kept on the project site and remain available for use by USAID for voter education activity assessment purposes. Funding has been provided in the budget for staff compensation for up to one month following the April 1994 election, in order to enable DARC to carry out a complete evaluation of their voter education program.

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 COLD Action Plan review dated January 10, 1994 and approved. This activity is consistent with the strategic objective of helping to ensure that the majority population participates more fully in the political development and governance of a democratic, human rights-based South Africa and the strategic targets of: (1) increasing the capacity of disadvantaged South Africans to govern in a post-apartheid South Africa; and (2) helping to ensure free and fair elections.

B. Grantee's Illustrative Budget and Cost Negotiation - The CDD conducted verbal negotiations with DARC to establish its

priorities for funding. Costs include compensations and local travel allowances for the project coordinator, two workshop facilitators, and one administrator; the purchase of voter education materials; the hiring of a television and video cassette recorder for training purposes; capital expenditures such as a computer, printer and software; and related administrative support costs including stationery, telephone, postage and photocopying 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 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." DARC has designed a voter education activity that addresses the special needs of the isolated and primarily illiterate communities they serve in the Eastern Transvaal. No other organization has submitted a proposal that targets this geographic region in this manner. Because this activity is consistent with USAID program objectives and is so unique, acceptance of the DARC 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 several discussions with the grantee organization and proposal review.

E. Financial Management Capability - A financial review of the Grantee's financial management systems was conducted on January 21, 1994, the results of which were found to be unsatisfactory. A condition precedent has been written into the Grant Agreement, specifying that there shall be no disbursements of any project funds until DARC has proven, to USAID's satisfaction, that they have entered into an agreement with a public accounting firm that will render adequate accounting services to DARC. We anticipate receiving a copy of this agreement by February 15, 1994.

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 voluntary contributions of money, staff time or in-kind support from the general public.

G. Grantee Contribution - The USAID Mission has made a decision that voter education activities are of special and strategic importance to A.I.D. goals in South Africa, particularly during the crucial period leading up to South Africa's first universal franchise election in April 1994. Very little time exists before the planned election, millions of people need to be educated and very few organizations have the capacity or knowledge required to carry out activities in this field. Because this area of activity is so important and so new to South Africa and because of the critical time constraints involved, the CDD recommends that the grantee contribution requirement be waived in this Agreement.

H. Sustainability - The activity supported under this Agreement relates only to educating the disadvantaged population on electoral procedures leading up to South Africa's first universal franchise election. The activity will not be continued after the election so it need not be sustainable.

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.

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 with the DARC 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 9, 1994