

PD-APJ 948
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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-4017-0	
2. Recipient Name Hammanskraal Community Development Center	
3. Award Description (This description will be seen by high level Agency officials, as well as members of Congress.) The recipient shall... (1) continue ongoing identity document activities; and (2) implement ten voter education workshops in rural community areas of Bophuthatswana.	
4. Principal Place of Performance Hammanskraal, Bophuthatswana	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"/> K. Hispanic American College or University <input checked="" type="checkbox"/> L. Other	
11. If U.S. University, Host Country Institution N/A	
12. If obligated amount is in local currency, provide U.S. Dollar amount \$40,000	
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

DB-ABS-418

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/SOUTH AFRICA



Tel: (012) 323-8869

P.O. Box 55380
Arcadia, Pretoria 0007

Fax: (012) 323-6443

Mr. Ananias Baloyi
P.O. Box 671
Hammanskraal
0400

1994 -01- 12

Subject: South Africa Community Outreach and Leadership Development (COLD) Project; Grant Agreement with the Hammanskraal Community Development Center (HCDC); Agreement No. 674-0301-G-SS-4017-00

Dear Mr. Baloyi:

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 Hammanskraal Community Development Center (hereinafter "HCDC" or the "Grantee") and obligates the sum of \$40,000 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 December 1, 1993 for specified retroactive program costs 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 HCDC sign the original and one (1) copy of this letter and then return the original to USAID/South Africa.

Sincerely,

Leslie A. Dean

Leslie A. Dean
Director

Date: Jan 7, 1994

ACKNOWLEDGED AND ACCEPTED

Hammanskraal Community Development Center

Baloyi

By: Mr. Anánias Baloyi
Title: Director
Date: 12/01/94

S-R Mudau

By: ~~Mr. Simon Mogotsi~~ Reverend. S.R. Mudau
Title: Chairman
Date: 12/01/94

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)

ATTACHMENT 1
SCHEDULE

I. OVERVIEW OF AGREEMENT

This Grant will enable the Hammanskraal Community Development Center (HCDC) to: (1) continue ongoing identity document activities; and (2) implement ten voter education workshops in rural community areas of Bophuthatswana.

II. PERIOD OF AGREEMENT

The effective date of this Agreement is the date the cover letter is signed by an authorized USAID representative. USAID has approved retroactive funding for eligible voter education and identity documentation activities on or after December 1, 1993. 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 \$40,000 for eligible program expenditures under this Agreement. Retroactive payment is approved and restricted to any eligible expenses incurred during the time period of December 1, 1993-January 31, 1994 that involve the implementation of the first two voter education workshops. The amount of funds to be applied retroactively shall not exceed \$10,000. Related expenses are salaries for the month of January, program and travel costs related to the first two voter education workshops and telephone installation at the HCDC office.

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)	61,000
Travel and Per Diem	40,000
Program Costs	8,000
Capital Expenditures	4,000
Administrative Support Costs	8,000
Audit and Accounting	7,000
Total	128,000

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 R3.2 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, within thirty days of the Grant expiration date, a written progress report upon

completion of activities funded under the Agreement. The content of the report will be mutually agreed upon by the Parties but should include a brief description of program accomplishments and a discussion of any problems encountered and how they were resolved.

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. 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.

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 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.

G. Collaboration with Other Existing Voter Education Activities

HCDC 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, HCDC will coordinate voter education and identity document activities with other groups working in Bophuthatswana to avoid duplication and replication of program activities.

H. Condition Precedent to Disbursement of Grant Funds

Except as USAID may otherwise agree in writing, there shall be no disbursements of any Grant funds until HCDC has proved, to USAID's satisfaction, that they have entered into an agreement with a public accounting firm to render accounting services to the HCDC adequate to successfully administer Grant funds.

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

This Grant will enable the Hammanskraal Community Development Center (HCDC) to: (1) continue ongoing identity document activities; and (2) implement ten voter education workshops in rural community areas of Bophuthatswana.

II. BACKGROUND

HCDC was established in April 1993 by five concerned residents of the Hammanskraal area. The primary objective of the HCDC is to increase the political and social empowerment among community members by identifying and seeking effective solutions to the major problems that plague Hammanskraal and surrounding rural communities in Bophuthatswana. The areas that were targeted after extensive deliberation were pensions, health issues, legal rights and the lack of South African identity documents among Bophuthatswana citizens. HCDC has since developed a portfolio of programs that addresses these target issues, focusing primarily on the problem of identity documents.

Consequently, HCDC staff members were trained in fingerprinting and identity document application requirements to enable them to assist Bophuthatswana residents in obtaining South African I.D.s. Since the opening of the HCDC's I.D. Assistance Office at Hammanskraal Station in June 1993, a total of 14,000 identity document applications have been processed. The Assistance Office provides service to Bophuthatswana residents of an extensive geographic area of approximately 100 square kilometers that includes the communities of Hammanskraal, Winterveldt, and Temba, among others. The overwhelming demand for the activity has forced HCDC to expand its staff to include eight full-time volunteers, in addition to the original five members. Other than small donations that are offered by the community as compensation for services rendered, the entire staff has worked on a voluntary basis from the onset of the HCDC's work.

The organization of the HCDC has also broadened to include a Board of Trustees of six members that oversee all Center activities. The Trustees come from a range of diverse fields and organizations, such as the Institute for Contextual Theology (ICT), the South African Council of Churches (SACC), civics, and the legal and medical professions and offer advice in their respective areas of expertise to those seeking assistance at Hammanskraal Station. In addition, the Board also carries out policy formation and program supervision roles and responsibilities.

III. PROBLEM

Residents of Bophuthatswana face two considerable obstacles to participation in South Africa's first non-racial national election. First, a large number of citizens have difficulty in obtaining South African identity documents. As a voting requirement, this represents a major obstacle to the disadvantaged population participating in a free and fair election in April 1994. In addition, the refusal of the Bophuthatswana government to recognize the future incorporation of the homelands into South Africa and a national transition to democracy has resulted in a substantial amount of unrest concerning voter education programs in Bophuthatswana. Non-partisan voter education activities are prohibited and both workshop facilitators and participants face harassment, abuse and arrest if they are found to be engaged in such activities. HCDC proposes to address this problem by providing transportation for participants both to and from Bophuthatswana to workshops that would be held outside the border region.

IV. PURPOSE

The purpose of this Grant Agreement is to enable the Hammanskraal Community Development Center to provide voter education workshops to residents of Bophuthatswana, and to continue extensive identity document activities. An activity of this nature will better prepare the homeland sector of South Africa's disadvantaged population for an active and participative role in the upcoming national election and in a post-apartheid South Africa.

V. PROGRAM DESCRIPTION

As a result of several consultations with representatives from the several communities that surround Hammanskraal, HCDC has designed a concurrent voter education and identity document activity that addresses the particular issues and needs of this geographic area and strives to reach the majority of eligible voters among the 250,000 residents.

In addition to their ongoing identity document activity, HCDC has proposed holding ten voter education workshops for the nine communities of Bosplaas, Makapanstad, Moretele, Temba, Marokolong, Sekampaneng, Suurman, Diloppe and Stinkwater at venues that are located outside of Bophuthatswana. The five staff members, who have been trained by the Institute for Multi-Party Democracy (IMPD), the Institute for a Democratic Alternative for South Africa (IDASA) and the Institute for Contextual Theology (ICT), would travel to the targeted communities and recruit approximately 120-150 residents to attend each workshop. Recruitment would be conducted with the assistance of established community organizations, such as civic and church groups. These organizations would also act as a channel of information to participants regarding the

details of the workshops. HCDC would then provide transportation for the participants to and from the workshop sites.

Workshop materials would be obtained from organizations such as ICT, IDASA and the Pretoria office of the Black Sash at no cost. Each eight-hour workshop will provide each participant with a greater awareness of essential electoral issues, including democracy, political tolerance, voting rights and requirements (identity documentation) and election procedures.

This activity will enable HCDC to educate approximately 1200-1500 people in voter education. It is anticipated that the outreach will be much larger as workshop participants return to their respective communities in Bophuthatswana and eventually train other community residents in their immediate vicinities both formally and informally. HCDC 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.

HCDC also plans to increase the impact and outreach of the grant activity by establishing working relationships with other organizations pursuing similar objectives in Bophuthatswana through USAID funding, such as the Community Education for Democracy and the Workers Benefit Project. Extra compensation has been supplemented into the travel and salary component of the budget to enable the activity's Project Coordinator to perform in this additional capacity. Communication among the organizations will enhance the effectiveness of the HCDC's program by allowing them to identify and administer to gaps in Bophuthatswana election-related activities and by avoiding the unnecessary duplication of voter education materials and workshops.

Financial support from USAID would cover a wide range of costs associated with the implementation of this activity. Funding would provide salaries and compensation for the five facilitators and eight identity document employees for a period of five months. In addition, funding would be provided for transportation costs of the workshop participants and facilitators, pay for workshop expenses and office furniture, and would cover accounting and administrative support costs.

VI. DETAILED ILLUSTRATIVE FINANCIAL PLAN (SAR)

Salaries and Compensation

Director	
1800/month X 5 months	9,000
Administrator	
1600/month X 5 months	8,000
Project Coordinator	
1500/month X 5 months	7,500
Program Coordinator	
1300/month X 5 months	6,500
Secretary	
1200/month X 5 months	6,000
I.D. Activity Employees	
8 employees x 600 x 5 months	<u>24,000</u>
Subtotal	61,000

Travel and Per Diem

Workshop Participants	
Vehicle Rental/Petrol @ R750 X	
4 vehicles X 10 Workshops	30,000
Staff	<u>10,000</u>
Subtotal	40,000

Program Costs

Venue rental and refreshments	
R800/workshop X 10	8,000

Capital Expenses

Typewriter	2,000
Office Furniture	<u>2,000</u>
Subtotal	4,000

Administrative Support Costs

Stationery and Postage	3,000
Telephone	<u>5,000</u>
Subtotal	8,000

Accounting and Audit	<u>7,000</u>
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TOTAL ESTIMATED COSTS	128,000
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FISCAL DATA AND CLEARANCES:

1. Fiscal Data:

Agreement No: 674-0301-G-SS-4017-00

Grantee: Hammanskraal Community Development Center

Appropriation: 72-114/51014

BPC: GSS4-94-21674-KG13

Reservation Control No.: B940018

Amount: \$40,000

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

Total Project Authorization Amount: \$65,000,000

Agreement Completion Date: August 31, 1994

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

Funds Available: 62 FUNDS AVAILABLE 01/05

ACCT: C da Costa

Date: 01/05/94

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

Drafted: DMcCourt, CDD DM

Clearance:

DWendel: CDD DM

DRathbun: GDO DM

FMangera: PRO DM

DKeene: RLA DM

GHensley: CONT DM

~~WFord: DD~~

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ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SOUTH AFRICA

DATE: December 29, 1993

FROM: Danielle McCourt, CDD *DM*

SUBJECT: South Africa Community Outreach and Leadership Development (COLD) Project (674-0301); Hammanskraal Community Development Center (HCDC) Agreement No. 674-0301-G-SS-4017-00

I. PROBLEM

Your approval is required to obligate U.S. \$40,000 of FY1994 funds under the COLD Project (674-0301) through a Grant Agreement with the Hammanskraal Community Development Center (HCDC), 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 indigenous non-governmental organizations (NGOs) in an amount not to exceed \$5.0 million per grant.

III. DISCUSSION

HCDC was established in April 1993 by five concerned residents of the Hammanskraal area. The primary objective of the HCDC is to increase the political and social empowerment of community members by seeking effective solutions to the major problems that plague Hammanskraal and surrounding rural communities in Bophuthatswana. The areas that were targeted after extensive deliberation were pensions, health issues, legal rights and the need for South African identity documents among Bophuthatswana citizens. HCDC has since developed a portfolio of programs that addresses these target issues, focusing primarily on the problem of identity documents.

Consequently, HCDC staff members were trained in fingerprinting and identity document application requirements to enable them to assist Bophuthatswana residents in obtaining South African identity documents. Since the opening of the HCDC's Identity Document Assistance Office at Hammanskraal Station in June 1993, a total of 14,000 identity document applications have been processed. At present, the HCDC staff includes eight full-time volunteers in addition to the original five members. The organization has also nominated a six-member Board of Trustees that oversees all HCDC activities.

In addition to their ongoing identity document activity, HCDC has proposed to hold ten voter education workshops that target nine rural communities at venues that are located outside of Bophuthatswana. The five staff members, who have been trained by the Institute for Multi-Party Democracy (IMPD), the Institute for a Democratic Alternative for South Africa

(IDASA) and the Institute for Contextual Theology (ICT), would travel to the targeted communities and recruit approximately 120-150 residents to attend each workshop. HCDC would then provide transportation for the participants to and from the workshop sites.

Workshop materials would be obtained from organizations such as ICT, IDASA and the Pretoria office of the Black Sash at no cost. Each eight-hour workshop will provide each participant with a greater awareness of essential electoral issues, including democracy, political tolerance, voting rights and requirements (identity documentation) and election procedures.

Financial support from USAID would cover a wide range of costs associated with the implementation of this activity. Funding would provide salaries and compensation for the five facilitators and the eight people who process identity documents for a period of five months. In addition, funds are provided for transportation costs of the workshop participants and facilitators, equipment and office furniture, and would provide for accounting and administrative support costs.

Because of the urgent need to begin voter education and voter documentation activities in Bophuthatswana, HCDC has begun work in anticipation of the approval of grant funding. In view of the urgent nature of this activity, the shortage of CDD project officer staff and the delay in allocation of election-related activity funds, CDD recommends that retroactive funding for HCDC activities be approved under this Agreement. Retroactive funding would be restricted to eligible costs incurred during the time period of December 1, 1993-January 31, 1994 that involve the implementation of the first two voter education workshops. Related costs are salaries for the month of January, program and travel costs related to the first two voter education workshops and the installation of a telephone at the HCDC office, which is necessary for coordination activities.

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 December 3, 1993 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 HCDC to establish

its priorities for funding. Costs include salaries and compensation for the workshop facilitators and identity document staff, travel allowance for the workshop participants and office staff, capital expenditures and related program and administrative support costs. 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." HCDC has submitted an unsolicited proposal, and it is the determination of the CDD that the activity is innovative in that HCDC is proposing a voter education and identity document activity that is designed to specifically address the special needs of Bophuthatswana residents. No other organization has proposed a similar program that includes both a voter education and identity document component for this target group. Because this activity is consistent with USAID program objectives and is so innovative, acceptance of the HCDC 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 a project site visit that was conducted on December 17, 1993.

E. Financial Management Capability - A financial review of HCDC's financial management systems was conducted on December 14, 1993, 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 HCDC 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 the HCDC. We anticipate receiving a copy of this agreement within a week.

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 - 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 non-racial, national 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 non-racial, national 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 Redefinition of Authority No. 452, you: (1) approve noncompetitive selection in accordance with the justification provided above; (2) authorize the proposed Agreement to HCDC 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: _____

January 7, 1994