

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/SOUTH AFRICA



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10 AUG 1995

Ms. Rose Mbude
Project Director
Ekuhlalani Community Preschool Project
Quaker House
2 Rye Road
Mowbray 7700
Cape Town

Subject: South Africa Education Support and Training
Project; Grant Agreement with Ekuhlalani Community
Preschool Project;
Agreement No. 674-0302-G-SS-3106-00

Dear Ms. Mbude:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Comprehensive Anti-Apartheid Act of 1986, as amended, the Agency for International Development (hereinafter "USAID") hereby enters into this Grant Agreement (hereinafter "Agreement" or "Grant") with the Ekuhlalani Community Preschool Project (hereinafter "Ekuhlalani" or the "Grantee") and obligates the sum of \$120,000 to provide support for a program described in Attachment 1, entitled "Schedule," and Attachment 2, entitled "Program Description," of this Agreement.

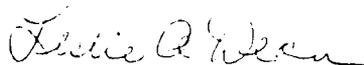
This Agreement is effective and obligation is made as of the date this letter is signed by an authorized USAID representative. The Agreement and obligation shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning on the effective date of this letter and ending August 31, 1995.

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.

BEST AVAILABLE DOCUMENT

We request that you and a member of the Board of Trustees of the Ekuhlaleni Community Preschool Project 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: Aug 10, 1993

ACKNOWLEDGED AND ACCEPTED
Ekuhlaleni Community Preschool Project

By: Rose Mbude
Title: Project Director
Date: _____

By: Cheryl Barratt
Title: Administrative Coordinator
Date: _____

By: Albert Dayile
Title: Chairman, 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)

ATTACHMENT 1
SCHEDULE

I. OVERVIEW OF AGREEMENT

This Agreement provides funding to the Ekuhlaleni Community Preschool Project, a non-governmental, community-based organization founded and almost exclusively staffed by women from the communities it serves. Ekuhlaleni helps to improve home-based child care programs by equipping committed parents with skills and information needed to establish and maintain educare centers. Through this Agreement USAID will support Ekuhlaleni's efforts to replicate their model successfully by reaching greater numbers of interested child care providers. Funding will also strengthen Ekuhlaleni's institutional capacity by supporting staff development training and the establishment of a new central office, thereby empowering the women who founded and operate the project at the service delivery level with the resources and skills needed to administer their own program.

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, 1995, 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 \$ 120,000 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."

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>Year 1</u>	<u>Year 2</u>	<u>Total</u>
Compensation (salaries)	86 604	86 604	173 208
Travel and Per Diem	14 175	14 175	28 350
Other Direct Costs	15 280	9 728	25 008
Audit	14 000	14 000	28 000
Evaluations	5 000	10 000	15 000
Overhead	37 717	28 717	66 434
Total	172 776	163 224	336 000

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 R2.8 to one (1) U.S. Dollar will be used. Notwithstanding the above, in no event will the total Rand amount provided to the Grantee under the Agreement exceed the obligated Dollar amount provided for in Section III. A., above.

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

V. REPORTING

The Grantee will submit to USAID, in a timely manner, written, semi-annual progress reports to USAID on activities funded and general performance under the Agreement. The semi-annual reports should include a brief description of program accomplishments during the preceding six months and a discussion of any problems encountered and how they were resolved. These reports will cover the periods between April 1 - September 30 and October 1 - March 31. The semi-annual

report for the first period will be due at the end of April; for the second period, the report will be due at the end of October. The Grantee will also submit, in a timely manner, and in a format to be mutually agreed upon by the Parties, a written final report on all activities financed by the Agreement.

VI. PREDETERMINED OVERHEAD RATE

A predetermined overhead rate of 24.6% of the total costs applies to this Agreement to support expenses related to the administration of this project.

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 black, "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 black, "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.

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. SUMMARY

This Agreement provides funding to the Ekuhlaleni Community Preschool Project, a non-governmental, community-based organization founded and almost exclusively staffed by women from the communities it serves. Ekuhlaleni helps to improve home-based child care programs by equipping committed parents with skills and information needed to establish and maintain educare centers. Through this Agreement USAID will support Ekuhlaleni's efforts to replicate their model successfully by reaching greater numbers of interested childminders and playgroup leaders. Funding will also strengthen Ekuhlaleni's institutional capacity by supporting staff development training and the establishment of a new central office, thereby empowering the women who founded and operate the project at the service delivery level with the resources and skills needed to administer their own program.

II. BACKGROUND

A. Education Support and Training Project

This agreement is financed under USAID's Education Support and Training (ESAT) Project. The purpose of ESAT is "to support indigenous nongovernmental initiatives which test improved models for basic education for disadvantaged South Africans and confront the waste of human resources by the apartheid education system."

Based on extensive consultations with progressive educators, community leaders, parents, students and nongovernmental organizations, priority is given to projects which: help disadvantaged South Africans cope with and overcome the inadequacies of apartheid education; are nonracial yet affirm black culture and history; promote community involvement in education; or provide a foundation for nonracial education in a post-apartheid South Africa.

The ESAT Project focuses on seven key areas:

- a) the development of models for decentralized education;
- b) the development of curriculum and education planning for a post-apartheid society;
- c) qualitative improvement of black education;
- d) expanded access to secondary education;
- e) development of post-secondary remediation;
- f) development of applied adult literacy training; and
- g) development of pre-school preparation programs.

B. Ekuhlaleni Community Preschool Project

Established in 1986, the Ekuhlaleni Community Preschool Project, is an independent, non-governmental, community-based organization providing training programs for educare workers and parents in several of the most neglected and impoverished townships in the Cape Province, including Nyanga, Guguletu, Langa, and Khyalitsha. Although it became an independent trust in 1989, Ekuhlaleni still receives management support from the Quaker Peace Office located in Observatory.

Ekuhlaleni has adopted an appropriately holistic model of educare provision. Their basic training in educare, which assists the upgrading of home-based preschool programs in the townships, is accompanied by nutrition and health services and basic management training. The Early Learning Resource Unit (ELRU), and another large preschool training agency in Cape Town, GRASSROOTS, provide training, support, and certification services to Ekuhlaleni.

Unlike these larger agencies, however, Ekuhlaleni has the capacity and community leadership to conduct intensive, on-site training through community trainers who are intimately familiar with the culture and language of the trainees. Currently, Ekuhlaleni works with 34 different groups and trains over 100 educare providers using materials and methods developed from ELRU. Through these efforts, Ekuhlaleni is able to expand the impact of its assistance from such larger organizations by sharing the training its staff receives with women at the grassroots level.

Educare centers that participate in the program charge user fees in the form of tuition for each child attending the centers. Parents pay all or as much of the tuition that they can afford, and many family members of children in the centers contribute their time or skills, such as by painting murals to decorate the entrance to a center.

Ekuhlaleni empowers individuals at the grassroots level to help themselves, their children, and their communities rather than to succumb to despair over the absence of many financial and material resources which are taken for granted in other childcare environments. The outcome of Ekuhlaleni's efforts has the potential to aid not only the communities in which the program operates but also others in desperate need by increasing the numbers of successful working models to support ongoing representations on the issue of adequate preschool care to local authorities, state, and donor agencies.

III. PROBLEM

There is a vital need for better care and educational opportunities for black preschool children in South Africa.

Adequate childcare is essential in any community, but is particularly crucial in impoverished communities where few resources reach those who attempt to provide such care. Many children have no adult at home during the day to care for them, and would, without educare programs, lack not only adult supervision and the safety that it provides but also nourishment, stability, intellectual and creative stimulation, and positive social interactions. State subsidies for black preschool education are inadequate or nonexistent. Concerned adults who want to contribute to the community by caring for groups of these children often have plenty of commitment but very little training and only the barest of rooms or snacks in which to operate.

Ekuhlaleni addresses this problem by providing training, guidance, and support services which focus on the needs of children for care, protection, nutrition, health and education. Parents and current or potential childminders and playgroup leaders are instructed in critical topics such as early childhood physical, social, emotional, and cognitive development, and creative activities suitable for children. Child care providers also receive training in administration and financial management, strategies for obtaining and maintaining resources, and inexpensive methods of making toys and other materials for the children's use. Ekuhlaleni also contributes some basic and play equipment such as educational toys, books, and puzzles, scissors, crayons, potties, dishes, and storage bins -- items that are scarce in areas where clean drinking water and sanitation are luxuries.

IV. PURPOSE

This Grant will strengthen the Grantee's institutional capacity and improve their ability to upgrade and replicate their model within community and home-based preschool programs in marginalized areas in South Africa.

V. PROGRAM DESCRIPTION

USAID funding under this Grant Agreement will result in the following outputs: establishing and equipping a new central office for the organization, independent of the Quaker Peace Centre; training in management for Ekuhlaleni staff members; training approximately 100 parents and childcare providers per year to operate educare centers; providing basic and play equipment; and furthering communication between Ekuhlaleni and other groups in the early childhood field through participation in conferences and networking. USAID funding under this Agreement will also go towards salary support for key staff members, a project evaluation, a financial audit, and administrative support costs, as described below.

A. Salaries

1. Project Director: Under this Agreement, USAID will provide R32,500 a year, a total of R65,000, for the salary and benefits for this full-time position. This staff member is responsible for overall planning and administration in consultation with the Executive Committee and staff, prepares a weekly training session, provides support visits to home creches, assists with adaptations to training program design and implementation procedures, and networks with other individuals and groups around childcare issues and needs.

2. Community Preschool Motivator: USAID will provide salary and benefits amounting to R21,829 each year, a total of R43,658, for this full-time position. This staff member prepares and presents one regular training session weekly for parents operating home creches; provides enrichment workshops for teachers/caregivers; advises on decisions related to bursaries for both teachers and children; networks with other organizations in the field of early childhood educare; and assists with visits to trainees and with the administration and delivery of services to project sites.

3. Office Assistant: USAID will provide salary and benefits of R17,875 a year, amounting to total of R35,750, for this full-time position within Ekuhlaleni's central office. This staff member currently contributes significantly to the program's work in the field, and will divide her time between responsibilities in the field and a growing share of management and administrative responsibilities for the organization.

4. Part-Time Bookkeeper: USAID will provide salary and benefits of R14,400 a year, a total of R28,800, for this position.

B. Travel and Per Diem

USAID will reimburse the travel expenditures described below using the AA rate per kilometer based on an official log kept by the Ekuhlaleni staff. As per Section IX(9D) of Attachment 1 of this Agreement, Ekuhlaleni will either provide USAID with a copy of its travel and per diem policy or it will abide by official U.S. Government travel regulations.

1. Participant Travel: USAID will provide up to R10,100 for this line item to cover the costs of transportation to and from training workshops for caregivers.

2. Fieldwork Travel: USAID will provide up to R6,150 for the costs of travel associated with the field visits of

the Community Preschool Motivator and other staff members providing observations and support to caregivers participating in the Home-Based Level One Early Childhood Care training course.

3. Conference Attendance/Networking: USAID will provide up to R12,100 for travel expenses associated with networking with others in the field of early childhood care and education.

C. Other Direct Costs

1. Set-up Costs: USAID will provide R5,600 for the expenses of establishing a new central office, independent from the Quaker Peace Services building which has supported Ekuhlaleni since its inception. These costs will include the purchase of a computer, a printer, and office supplies.

2. Training Course Material: USAID will provide R6,350 for the costs of resource books and other materials used in Home-Based Level One Early Childhood Care training courses.

3. Staff Development: USAID will provide R11,858 for management training courses for Ekuhlaleni staff members in subjects such as financial accounting, computer use, planning, and other topics identified as relevant and beneficial by project staff or evaluators.

4. Basic and Play Equipment: This line item will provide up to R1,200 for basic educational, play, and other equipment and supplies to be used at educare centers. Examples of such items include children's books; potties; dishes; storage bins; puzzles and toys; and scissors, crayons, paper, and other art materials.

D. Evaluation

USAID funding will provide R15,000 for an evaluation of Ekuhlaleni's program, to be conducted by an outside evaluator. This evaluation will assess the effectiveness of the Ekuhlaleni model and operations, and include strategic planning for Ekuhlaleni's future. Ekuhlaleni and USAID will mutually agree upon the Scope of Work for such an evaluation and Ekuhlaleni shall submit, for formal USAID approval, the evaluator's c.v. and budget before funds under this line item will be distributed.

E. OVERHEAD

USAID will contribute up to R66,434, to be dispersed quarterly in equal amounts of R9,429 during the first year and R7,179 during the second year of this Agreement to cover administrative costs such as rent; telephone, fax, and photocopying expenses; maintenance; and insurance. This line item will also provide, as needed, for a field-work assistant, who will assist with the efforts of the PTA committees as well as with moving supplies and

equipment to different training locations and organizing training workshops. USAID will not fund major capital expenditures such as vehicles, buildings and major equipment.

F. Financial Audit

USAID funding of R28,000 will cover the costs of the USAID mandated annual audit as described in Attachment 6.

VI. DETAILED ILLUSTRATIVE FINANCIAL PLAN

The detailed illustrative financial plan on the following page supplements the Financial Plan found in Attachment 1, Section IV, which is the binding plan for the purposes of this Agreement.

DETAILED ILLUSTRATIVE FINANCIAL PLAN:
EKUHLALENI COMMUNITY PRESCHOOL PROJECT
 Grant Agreement # 674-0302-G-SS-3106-00
 South African Rands

Line Item	Year One	Year Two	TOTAL
A. SALARIES			
1. Project Director	32,500	32,500	65,000
2. Community Preschool Motivator	21,829	21,829	43,658
3. Office Assistant	17,875	17,875	35,750
4. Part-time Bookkeeper	14,400	14,400	28,800
<i>SUBTOTAL</i>	86,604	86,604	173,208
B. TRAVEL and PER DIEM			
1. Participant Travel	5,050	5,050	10,100
2. Fieldwork Travel	3,075	3,075	6,150
3. Conference Attendance/Networking	6,050	6,050	12,100
<i>SUBTOTAL</i>	14,175	14,175	28,350
C. OTHER DIRECT COSTS			
1. Set-up Costs			
Computer	3,500		3,500
Stationery/Office Supplies	2,100		2,100
2. Training Course Material	3,200	3,150	6,350
3. Staff Development	5,900	5,958	11,858
4. Basic and Play Equipment	580	620	1,200
<i>SUBTOTAL</i>	15,280	9,728	25,008
D. EVALUATION	5,000	10,000	15,000
E. OVERHEAD	37,717	28,717	66,434
F. FINANCIAL AUDIT	14,000	14,000	28,000
TOTAL	172,776	163,224	336,000

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ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SOUTH AFRICA

DATE: July 26, 1993

FROM: William G. Duncan *WD*

SUBJECT: South Africa Education Support and Training Project (674-0302); Agreement No. 674-0302-G-SS-3106-00

I. FROBLEM

Your approval is required to obligate U.S. \$120,000 of FY1993 funds under the Education Support and Training Project (674-0302) through a Grant Agreement with the Ekuhlaleni Community Preschool Project, 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

Established in 1986, the Ekuhlaleni Community Preschool Project is a non-governmental, community-based organization founded and almost exclusively staffed by black women. Ekuhlaleni provides training programs for educare workers and parents in several of the most neglected and impoverished townships in the Cape Province, including Nyanga, Guguletu, Langa, and Khyalitsha (a large informal settlement with recent migrants from the homelands).

Ekuhlaleni has adopted an appropriately holistic model of educare provision. Their basic training in educare, which assists the upgrading of home-based preschool programs in the townships, is accompanied by nutrition and health services and basic management training. Currently, Ekuhlaleni works with 34 different groups and trains over 100 educare providers per year using materials and methods developed from the Early Learning Resource Unit (ELRU). Both ELRU and Grassroots provide training, support materials and certification services to Ekuhlaleni.

Unlike these larger preschool training agencies located in Cape Town, however, Ekuhlaleni has the capacity and community leadership to conduct intensive, on-site training through community trainers who are intimately familiar with the culture and language of the trainees.

Other donors for 1993-1995 include Marine Trust, Quaker Service Australia, and JET. Additional sources of funding for the future are being sought and may include the Planned Parenthood

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Association and other organizations. Ekuhlaleni also draws heavily upon community participation and support within the areas it serves. Educare centers that participate in the program charge user fees in the form of tuition for each child attending the centers. Parents pay all or as much of the tuition that they can afford, and many family members of children in the centers contribute their time or skills, such as by painting murals to decorate the entrance to a center. Children receive healthful snacks and balanced meals while at the centers as a result of contributions from Food Aid.

Supporting Ekuhlaleni will not only help to develop an innovative model for educare, but also support the efforts of women in development at the grassroots level. All but one of the organization's employees are women. Furthermore, with the exception of the administrative coordinator, who serves as fundraiser for all Quaker Service activities, all of the staff members who lead and operate the organization's activities are black. The Chairman is a black South African, and the parents who are trained as instructors and directors of preschool centers are also black.

Although it became an independent trust in 1989, Ekuhlaleni still receives management support from the Quaker Peace Office located in Observatory. However, Ekuhlaleni is currently engaged in a gradual process of becoming independent from the Quaker Service, and will soon open a new administrative headquarters outside of the Quaker Peace Office. Although the administrative coordinator shared with the Quaker Service will continue to work with Ekuhlaleni, it has been agreed that her responsibilities will be increasingly borne by Ekuhlaleni's founders and staff. These women have proven their commitment and capability through their experiences at the service delivery level. Yet they will need additional staff development training to manage this new office and sustain program's operations with maximum effectiveness on a long-term basis.

Funding is requested under this Agreement to support this organizational development by providing staff training, financing start-up costs associated with the new office, and funding the participation of Ekuhlaleni staff in conferences on early childhood education and other forms of networking within the field. Funding will also support the expansion and continuation of Ekuhlaleni's child care training for staff members and directors of local educare centers.

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 FY93 ESAT Action Plan review dated May 27, 1993 and approved. This activity is consistent with USAID/South Africa's Strategic Objective Two to "prepare disadvantaged South Africans to establish an equitable and effective educational system" and Strategic Targets (1) develop, evaluate and disseminate models of innovative approaches to education; (3) strengthen selected education institutions and organizations; and (4) increase the number of qualified and skilled black South Africans. It also supports other program targets, such as Target 1.1: establish and strengthen black-led non-governmental institutions that support black political empowerment and civic development.

B. Grantee's Illustrative Budget and Cost Negotiation - The Human Resources Development Division (HRDD) conducted verbal negotiations with Ekuhlaleni to establish its priorities for funding. A cost evaluation included an examination of the proposed salaries which, according to our consultations, are similar to those of equivalent positions in other non-governmental organizations in the same field. In addition to salaries, cost components of the budget include travel and per diem, training, evaluation, administrative support, and a recipient audit. 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. 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." Ekuhlaleni has submitted an unsolicited proposal, and it is the determination of the HRDD that the activity is "innovative". Ekuhlaleni provides an innovative, community-based, and inexpensive model of preschool education that can be adapted to virtually any location in the country where children live in deprived conditions and adults in the community are willing to be trained to help them. Because this activity is consistent with USAID program objectives and is so innovative, acceptance of the Ekuhlaleni proposal would be fair and reasonable and would represent an appropriate use of USAID funds.

D. Technical and Management Capability - It is the HRDD'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 discussions with the Grantee organization; review of the proposal submitted by the Grantee; visits to the office and operating sites of the Grantee organization; and experience of the Grantee organization with other donors.

E. Financial Management Capability - A financial review of Ekuhlaleni's financial management systems was conducted on May 26, 1993 by Pema Lakha and Associates which certified that the Grantee possesses adequate accounting systems, books and records for the administration of this Agreement.

F. PVO Registration Determination - The proposed Grantee does not qualify as a Private Voluntary Organization, as defined in A.I.D. Handbook 3, Appendix 4C and 88 State 356010 because Ekuhlaleni does not solicit or receive voluntary contributions 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. Ekuhlaleni's vehicles and the use of staff members' homes as operating sites are examples of their contribution.

H. Sustainability - The Grantee is expected to continue activities funded under this Grant so that they may continue to make important contributions to the care and education of preschool children in marginalized areas in the future. USAID will not be the sole funder of Ekuhlaleni's project.

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 HRDD 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 the Ekuhlaleni Community Preschool Project 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: August 10, 1993