

PDBBI 375

EMBASSY OF THE  
UNITED STATES OF AMERICA

Office of Development Affairs  
September 29, 1987

Mr. Carl Gershman, President  
National Endowment for Democracy  
1101 Fifteenth Street N.W.  
Suite 203  
Washington, D.C. 20005

Subject: South Africa Building Democratic Institutions Project  
(~~674-0306~~); National Endowment for Democracy Grant  
674-0306-G-00-6025-00; Amendment Number 1

Dear Mr. Gershman:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter "AID"), hereby amends the subject Agreement with the National Endowment for Democracy (hereinafter "NED", "the Endowment", or "the Grantee"), increasing the total amount obligated by \$605,000 to a new total of \$816,866, and extending the period of the Grant from September 30, 1988 to December 31, 1989 to continue support for the program described in Attachment No. 1, entitled "Schedule", as amended below, and Attachment No. 2, entitled "Program Description", as revised, of this Agreement.

This Amendment is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning September 29, 1987 and ending December 31, 1989.

The Agreement is hereby amended as follows:

1. Attachment I, Paragraph B, "Period of the Grant".

Delete "September 30, 1988" and substitute, in lieu thereof, "December 31, 1989".

2. Attachment I, Paragraph C, "Amount of Grant and Payment".

Delete the figure "\$211,866" and substitute, in lieu thereof, "\$816,866 (eight hundred sixteen thousand eight hundred sixty six dollars)."

3. Attachment I, Paragraph D, "Financial Plan".

Delete paragraph D in its entirety and substitute, in lieu thereof, the following:

"D. Financial Plan

The illustrative financial plan for this grant is set forth in Table 1 below. Revisions of this plan shall be made in accordance with Standard Provision 4 of the grant entitled "Revision of Grant Budget". Line item adjustments exceeding fifteen percent must receive prior AID approval.

AID agrees to reimburse NED for expenses incurred for a planning conference on or after September 20, 1987, and which are eligible for reimbursement under the subgrant agreement between NED and IDASA.

Table I

Illustrative Financial Plan

	<u>Original Budget</u>	<u>Amended Additional</u>	<u>Total</u>
1. <u>USSALEP</u>	12,828	18,000	30,828
A. BCU	25,038	32,000	57,038
B. LAMLA	85,000	60,000	145,000
C. IDASA	-0-	90,000	90,000
Subtotal	<u>122,866</u>	<u>200,000</u>	<u>322,866</u>
2. <u>Freedom House</u>	7,000	3,500	10,500
A. City Press	40,000	35,000	75,000
B. Frontline	<u>30,000</u>	<u>-0-</u>	<u>30,000</u>
Subtotal	77,000	38,500	115,500
3. <u>CFPO/AALC</u>	-0-	-0-	-0-
Afro-Asian Institute of the Histadrut	<u>-0-</u>	<u>300,000</u>	<u>300,000</u>
Subtotal	-0-	300,000	300,000
4. NED	12,000	46,500	58,500
5. Evaluation	<u>-0-</u>	<u>20,000</u>	<u>20,000</u>
<u>TOTAL</u>	211,866	605,000	816,866
	=====	=====	=====

NED shall be responsible for accounting for all funds provided under this Grant."

4. Attachment 1, Paragraph E, "Reporting and Evaluation".

Delete paragraph E in its entirety and substitute, in lieu thereof, the following:

"E. Reporting and Evaluation

1. Reporting

The Grantee agrees to submit progress reports no less than bi-annually indicating overall accomplishments financed by the Grant. These reports will contain assessments of the progress made by subgrantees (both US and South African-based) in achievement of goals and objectives set forth in the implementation plan described in Attachment II and proposed implementation actions for the next reporting period. The Specific format of these reports will be agreed upon by AID and the Grantee, and will describe, as required, a breakdown of expenditures by subgrantees, problems encountered in implementation, probable resolution of problems, and a revised schedule for attainment of objectives.

The Grantee also agrees to provide AID with copies of its subgrants and ~~reports~~ submitted by its subgrantees pursuant to the reporting schedule agreed to by these parties.

Financial reports shall be submitted in accordance with paragraph (C) of Standard Provision 14.

2. Implementation Plan.

The Grantee agrees to submit to AID for its approval a detailed implementation plan of activities financed under the Grant, comprising US and South African subgrantees, not more than sixty days following the signing of this Amendment. This implementation plan shall contain, at a minimum, specific implementation objectives for the Grantee and all subgrantees, activities to be carried out in support of those objectives, a delineation of the respective roles and responsibilities of NED and the US-based organizations in managing Subgrants, and a timetable keyed to the expiration date of the Grant itself.

*Sept 88*

3. Long-term Program Strategy.

During the course of the Grant, NED will prepare a strategy paper which articulates its long-range goals and objectives in South Africa, and which constitutes NED's proposal to AID in FY 1988. This document will serve as

a foundation for further program development and should reflect NED's interaction with South Africa community-based leadership providing assistance to victims of apartheid in the process of peaceful change toward a democratic society. The format and scope of the proposal will be detailed in an implementation letter which will be issued at a later date.

A draft of the proposal shall be presented for AID comment in May 1988 and finalized by NED in June 1988.

4. Evaluation.

NED will conduct an implementation evaluation of program activities, tentatively scheduled for June 1988, which will document progress made toward attainment of objectives and assist in resolving any implementation problems which may exist. The evaluation will also analyze the extent to which the activities conform to NED's long-term strategy in South Africa. The exact timing and scope of the evaluation will be agreed to by both AID and the Grantee."

5. Attachment 1, paragraph F, "Special Provisions".

Delete paragraph F in its entirety and substitute, in lieu thereof, the following:

"F. Special Provisions

1. Conditions Precedent to Entering into Subgrants

Prior to the Grantee's entering into any agreement funded under this Grant with any group or organization not expressly mentioned in Attachment 2 and prior to any subgrantees entering into any agreement funded under this Grant with any group or organization not expressly mentioned in Attachment 2, the Grantee shall obtain the approval of AID. Prior to entering into any agreement to fund, either directly or through a subgrantee, any activities not expressly described in Attachment 2, the Grantee shall obtain the approval of AID in accordance with the procedures set forth in Standard Provision 12 entitled "Amendment".

2. Covenants

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 off-shore procurement could otherwise occur.

(2) Policy. In the procurement of goods and services in South Africa, the Recipient shall, to the maximum extent practicable, award contracts to individuals or organizations which are disadvantaged by apartheid and which 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 and, for the purposes of implementing this provision, Namibia.

(4) Except as provided in Section B.1. above, all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.

(5) NED will include this provision in all subgrant agreements where local procurement is involved.

b) Subgrants. The Recipient agrees to furnish USAID/South Africa with copies of all subgrants executed under this Grant, including detailed budgets.

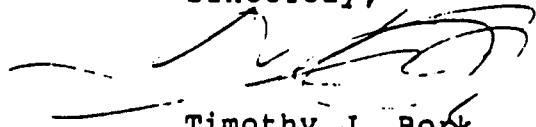
6. Attachment 2, "Program Description".

Delete in its entirety and substitute, in lieu thereof, the attached Attachment 2, entitled "Program Description".

This Amendment is entered into between AID and the Recipient on condition that the funds will be administered in accordance with the terms and conditions set forth above and in the revised Attachment 2, entitled "Program Description". All other terms and conditions of the original Agreement remain in full force and effect.

Please sign the original and six (6) copies of this letter.  
Please then return the original and five (5) copies of this  
letter to USAID/Pretoria.

Sincerely,



Timothy J. Bork  
Counselor for  
Development Affairs

ACKNOWLEDGED AND ACCEPTED

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By : Carl Gershman  
Title : President  
National Endowment for Democracy

Attachments:  
Attachment 2, Program Description

**ATTACHMENT TWO**  
**Program Description**

**I. Summary**

This Grant provides support to the National Endowment for Democracy (NED or the Endowment), a bi-partisan, non-profit organization in its South African program dedicated to finding ways to abolish apartheid through non-violent means and effect a democratic system of governance. To implement this program, NED has identified specific groups and projects for funding which fall into three categories: community participation, democratic ideas, and mediation and reconciliation.

Under this Grant, NED will finance the following groups, through subgrants: The Black Consumer's Union (BCU), LAMLA, The Institute for a Democratic Alternative for South Africa (IDASA), City Press, Frontlines, and the Afro-Asian Institute of the Histadrut. To strengthen the performance of these organizations, and to involve U.S. organizations in the development of democratic institutions in South Africa, NED has selected a U.S.-based organization through which to channel its support. These organizations and their specific responsibilities are described in the Program Description which follows.

**II. Background**

The National Endowment for Democracy is a private non-profit organization created in 1983 to strengthen democratic institutions around the world through nongovernmental efforts. Through its worldwide grant program, the Endowment assists those abroad who are working for democratic goals. In this effort, it seeks to enlist the energies and talents of private citizens and groups in the United States to work in partnership with democrats abroad.

The purposes of the Endowment, as stated in its Articles of Incorporation, are to:

1. encourage free and democratic institutions throughout the world through private sector initiatives, including activities which promote the individual rights and freedoms (including internationally recognized human rights) which are essential to the functioning of democratic institutions;

2. facilitate exchanges between United States private-sector groups (especially the two major American political parties, labor, and business) and democratic groups abroad;

3. promote United States nongovernmental participation (especially through the two major American political parties, labor, business, and other private-sector groups) in democratic training programs and democratic institution-building abroad;

4. strengthen democratic electoral processes abroad through timely measures in cooperation with indigenous democratic forces;

5. support the participation of the two major American political parties, labor, business, and other United States private-sector groups in fostering cooperation with those abroad dedicated to the cultural values, institutions, and organizations of democratic pluralism; and

6. encourage the establishment and growth of democratic development in a manner consistent both with the broad concerns of United States national interests and with the specific requirements of the democratic groups in other countries which are aided by programs funded by the Endowment.

The Endowment does not carry out programs directly, but provides funding for the activities of numerous private groups and organizations. Funding decisions are made by the Board of Directors on the basis of established selection criteria. In addition to evaluating how a program fits within the Endowment's overall priorities, the Board considers factors such as the urgency of a program, its relevance to specific needs and conditions in a particular country, and the democratic commitment and experience of the applicant. The Endowment is especially interested in proposals that originate with indigenous democratic groups. It is also interested in nonpartisan programs seeking to strengthen democratic values among all sectors of the democratic political spectrum.

The Endowment is currently funding programs in five substantive areas:

Pluralism: The Endowment encourages the development of strong, independent private-sector organization, especially trade unions and business associations. It also supports cooperatives, civic and women's organizations, and youth groups, among other organizations. Programs in the areas of labor and business are carried out, respectively, through the Free Trade Union Institute (FTUI) and the Center for International Private Enterprise (CIPE).

Democratic Governance and Political Processes: The Endowment seeks to promote strong, stable political parties committed to the democratic process. It also supports programs in election administration and law, as well as programs that promote dialogue among different sectors of society and advance democratic solutions to national problems. Much of Endowment's work in this area is carried out through the National Democratic Institute for International Affairs (NDI) and the National Republican Institute for International Affairs (NRI), which are core grantees of the Endowment.

Education, Culture and Communications: The Endowment funds programs that nourish a strong democratic civic culture, including support for publications and other communications media and training programs for journalists; the production and dissemination of books and other materials to strengthen popular understanding and intellectual advocacy of democracy; and programs of democratic education.

Research: A modest portion of Endowment resources is reserved for research, including studies of particular regions or countries where the Endowment has a special interest, and evaluations of previous or existing efforts to promote democracy.

International Cooperation: The Endowment seeks to encourage regional and international cooperation in promoting democracy, including programs that strengthen cohesion among democracies and enhance coordination among democratic forces.

The staff of the Endowment consists of the President's office (the President, an Executive Secretary, and Executive Assistant and the Director of Public Affairs), the Program Staff (a Director of Program, Deputy Director of Program, two full-time and one part-time Program Officers, a Grants Administrator, and support staff), and the Comptroller's Office (the Comptroller, Office Manager, Grants Officer, Accountant, Auditor, and support staff).

The Endowment's program and financial capabilities have been developed to handle large (fifteen to eighteen million dollar) annual grants from the United States Information Agency in accordance with a special congressional authorization and appropriation for the Endowment. Standard federal grant requirements, with the exception of those specifically excluded in its authorizing legislation, apply to the Endowment and its grantees. Since 1984, its first year of operation, the Endowment has undergone independent audits, as well as a number of compliance audits conducted by USIA and the General Accounting Office. A number of those audits included review of selected grantees.

### III. Program Description

Six South African organizations will receive NED support for work in the areas of community participation, democratic ideas, and mediation and reconciliation. They are LAMLA, the Black Consumers Union, City Press, Frontlines, the Institute for Democratic Alternatives for South Africa (IDASA) and the Afro-Asian Institute of the Histadrut. The program is set forth below accompanied by a description of the U.S. collaborating organization.

A. The Black Consumer Union

1. Background and Program. The Black Consumers Union (BCU), originally the National Black Consumers Association, was established in March of 1984 as the result of an assessment by the National Federated Chamber of Commerce that for black consumers to be a viable force within the South African economy, they needed to have a national organization which could represent their needs. The formation of this group was based on the following:

- the need for an autonomous, non-profit, non-political organization to represent and further the interests of the black consumer throughout South Africa;
- membership should consist of organizations that primarily represent consumers concerned with consumerism, but interested organizations that do not qualify for membership should become associate members;
- the organization should maintain dialogue with other organizations and consumer bodies where it is to the benefit of the black consumer;
- the organization should educate the black consumer about his rights as a consumer and about the goods he purchases.

In 1986, the BCU requested funds so that it could expand its operations modestly throughout South Africa. Included in the expansion activities was the organization of consumer cooperatives patterned on those observed by the Executive Director, Mr. Eldridge Mathebula, while in the United States and during a training program in Israel organized by Histadrut. During the past year, the "Sechaba Sizwe Co-operative" was launched and a major conference was held for more than eighty participants from the consumer and private business sectors as part of an effort to increase support for the initiative.

Building a national cooperative movement with local affiliates is a very complicated process. Many previous attempts have been made in South Africa, with most falling into total disarray. For this reason, the BCU has, with locally raised funds, engaged a group of specialists to conduct a study of different types of cooperatives -- non profit and profit-making -- and how they work. This study will assist the "Sechaba Sizwe" in determining its future direction. In addition, it is the view of USAID/Pretoria, the BCU and USSALEP and the Endowment that a specialist in cooperative development should work with the BCU Executive Director and the "Sechaba Sizwe" in South Africa to assist in developing an appropriate structure for the cooperatives. For the BCU's cooperative program to succeed in the long term, it is extremely important that a very disciplined organizational and management plan be

developed, with a strong financial oversight mechanism for the affiliate cooperatives. During the period of the proposed grant, NED and United States-South Africa Leadership Exchange Program (USSALEP) will assist in identifying an appropriate individual who can provide technical assistance to the BCU for its cooperative program.

Through the BCU's membership, paid membership in the cooperatives has reached two hundred. In the coming months, the BCU will run training programs around the country for the cooperative members to assist them in getting their local cooperatives started.

BCU's Executive Director, Eldridge Mathebula, is currently involved in getting enterprises in the Johannesburg area to donate food goods and clothing for a cooperative center which will be opened soon in Johannesburg. He will also attend the next meeting in Switzerland of the International Cooperative Alliance, including a three-week training program.

Assistance is being requested for BCU's staff and infrastructure -- salaries, rent, travel, etc. -- so that the difficult process of building a strong cooperative organization can proceed. While the Sechaba Sizwe has been established as an independent cooperative, the BCU will be working very closely with the programs, particularly in this early stage. Much of the organizing work for Sechaba Sizwe is carried out with the resources and staff of the BCU, including the membership drive, training, and assistance provided to the cooperative members in their efforts to establish their local affiliate cooperatives. The entire process of developing a structure and management plan for Sechaba Sizwe is being organized with the assistance of BCU's executive director.

While BCU plans to continue its program to attract new members, conduct cooperative training programs, and assist in the establishment of new affiliates, it is more important that the proper foundations are laid first. Accordingly, the expansion activities should be slowed down. The next twelve months will be devoted to designing and setting in place a clear management and financial model for the cooperative effort to allow for greater discipline in the expansion of the cooperatives, and increase the chances that, within three to four years, South Africa will have a healthy nationwide cooperative organization.

2. Organization. The Black Consumers Union grew out of a meeting in early 1983 among several well-established South African black women's organizations in the Johannesburg area (YWCA, Black Social Workers, Black Housewives, Transvaal Teachers Association, Inkatha Women's Brigade, Zamani Soweto Sisters, Ikageng Women) who saw the need to educate black consumers to avoid continued exploitation in the marketplace.

On March 17, 1984, a formal meeting of over 500 people at the President Hotel in Johannesburg established the National Black Consumers Association of South Africa and set up a small office in Johannesburg strategically positioned adjacent to the train station. Elected President was Mrs. Ellen Khuzwayo (of the Committee of Ten); Vice President Mrs. Joyce Seroke, Director of YWCA, South Africa; 2nd Vice President Mr. Eldridge Mathebula, marketing coordinator for a leading corporation (and to be Executive Director of BCU); Secretary Mrs. Anatasia Thula, V.P. of Inkatha Women; Treasurer Mrs. A. Nhiki, executive member of the Transvaal Teachers Association.

The BCU has actively pursued other private funding sources including the National Cooperative Business Association, Ford Foundation, Rockefeller Brothers Fund, Chase Manhattan Bank and Citibank, all of which have pledged support to the BCU.

3. U.S. Grantee. The United States-South Africa Leadership Exchange Program (USSALEP), a charitable educational organization founded in Pennsylvania in 1958, is an association of concerned South Africans and Americans "dedicated to the promotion of a just society, through peaceful means, brought about by the transformation of human relationships and the fostering of human dignity."

USSALEP is democratically governed by its Council, limited by its Constitution to no more than thirty members in South Africa and thirty American members. Separate quarterly meetings are held in the respective countries.

USSALEP's Washington office is the headquarters and has responsibility for the overall administration of its program. The South African office supports the headquarters office and is responsible for the conduct of local programs.

Records of all communications concerning the NED-funded programs are promptly provided to USSALEP's South African office, which serves as an in-country facilitator when problems arise or matters of urgency require quick action.

USSALEP's acting Executive Director in the Washington office is Dan Matthews, and the Director in South Africa is Hazel Moolman. American members of USSALEP's Council include: Hugh Fierce (Chase Manhattan Bank), Wayne Fredericks (Ford Motors), Helen Kitchen (CSIS), John Marcum (UCSC), Sal Marzullo (Mobil Oil), Dan Matthews (ABC), Alan Pifer (Carnegie), and Willard Wirtz (former Secretary of Labor).

4. Grant Funding. The total amount of NED support to BCU under this Grant is approximately \$57,038. For the collaborating U.S. organization, whose responsibilities will be detailed in the implementation plan, NED will execute a subgrant with USSALEP for approximately ten percent of the total amount of the subgrants under its direct administration.

B. The Afro-Asian Institute of the Histadrut

1. Background and Program. The Center for Foreign Policy Options, a California-based non-profit, the Afro-Asian Institute of the Histadrut in Israel, and the African-American Labor Center (AALC) of the Free Trade Union Institute will be financed by NED to provide community development program for South Africans.

In October 1984 the U.S.-based Center for Foreign Policy Options and Israel's main labor federation began to explore ways to provide assistance to South African blacks. Based on consultations and studies undertaken on their needs, a program of training in community development studies was developed.

By April 1986, the first workshops in Israel for black South African Community leaders began. Since then the program has involved a cross section of black community institutions: trade unions, women's groups, church organizations, educational institutions (secondary and university), social welfare agencies, youth groups, etc. Participants have come from varied geographical areas: Johannesburg (Soweto and Alexandria), Durban, Port Elizabeth, Cape Town and others. All of them had significant levels of professional achievement as well as extensive experience in community organizations.

In the early stages, the process of selecting and recruiting participants has been both informal and surprisingly effective. Individuals are nominated by organizations and then reviewed by other black participants together with the Israeli representative of the program in South Africa. After three workshops in Israel, there are now approximately seventy graduates of the program. Several key members have volunteered to serve as a de facto nominating and evaluating group for subsequent courses. However, based on the first three experiences, the blacks and the Israelis agreed it is also essential that an Israeli coordinator must be present continuously in the weeks before a group is to assemble and come to Israel. This person is critical both in assisting with recruitment and in facilitating the departure of those travelling to Israel.

By mutual agreement, the program centers on the concept of Cooperation (i.e., cooperatives and cooperation theory), a model of development (both on the community and macro-levels) which is different from the conventional models African students of development encounter. Yet both sides believe it will fit local needs in South Africa.

The month-long course which the Histadrut has developed for the South African delegation is divided into three parts.

a. Theory: The first section consists of theoretical lectures by experts (in house and outside) regarding the role of community institutions in building democracy. For example, cooperation applies to efforts in child rearing, women's organization, credit development, etc.

b. Institutional Examinations: The second section consists of examinations of specific institutions in Israel that most approximate the model discussed. For example, here a focus is on the Histadrut not as a model/alternative to emulate but as a case study to be investigated. This part of the program consists of lectures by office holders in trade unions, the directors of cooperatives, organizers of women's associations and visits to the various civic and community institutions that have evolved within the Israeli Labor-controlled cooperative and trade union movement. It also includes visits to many of these institutions.

c. Independently-designed Projects: The third part consist of an independently-designed project that attempts to apply general themes, ideas or programs discussed in the first two parts to the specific conditions of the participant in the professional, civic or other realms where he or she is functioning in South Africa. Each individual participating in the course prepares in an area of his choice (usually his professional area of concern). The amount of work invested by participants, the scope of the projects, and the intense interaction between the participants and their tutors were all individuals outside the Histadrut who volunteered to assist in a field with which they were intimately familiar from their own work.

During the first sessions, the black participants were insistent that the group must work to publicize its experience in the black community and approach opinion leaders in that community and approach opinion leaders in that community with a view to their cooperation. To augment this drive, it was agreed that the best means would be to institute workshops of three to five days each in South Africa on the topic of Cooperation. The Israeli participants would include Yehudah Paz (Director of the Institute), Shimshon Zelnicker (Director of the South-Africa -- Israel project), and their associates.

The budget has been prepared on the basis of the initial experiences and costs. It was calculated on the assumption that twenty participants will go to Israel for thirty days each. It has been found that this type of program necessitated exceptionally high costs by comparison with normal Institute programs. The high costs are the result of 1) the high ratio of tutors to students; 2) a radically different

diet required by the South African trainees; 3) a high intensity field-trip-based program. Given the short duration of the course, it was felt that exposure to field conditions and extensive visits with counterparts in Israeli organizations would be useful, thereby increasing the cost of transportation and similar expenses; 4) the costs of a person in South Africa to function as liaison and utility outfielder in lieu of a permanent infrastructure; 5) the need for programs in South Africa as well as Israel.

Between the summer of 1987 and December 31, 1988, five more workshops are planned to be held in Israel. NED is requesting support to cover three of the workshops -- one in November 1987, and the other two to be scheduled later. In addition, NED will fund accompanying trips by Israelis to South Africa for orientation programs.

2. Organization. Histadrut is Israel's comprehensive labor movement, and its Institute trains leadership for the labor, cooperative and community movements of Africa, Asia, the Pacific and the Caribbean. The Institute was selected as the appropriate institution for this workshop-seminar, whose genesis was the initial contacts with central figures in the black community initiated by the Center for Foreign Policy Options' project director, Shimshon Zelnicker of the Beit Berl College, and by the Institute's director and principal, Dr. Yehudah Paz (of Kibbutz Kissufim).

3. U.S. Grantees. The Center for Foreign Policy Options is a small "think tank" in Los Angeles which conducts research and policy studies mainly in the area of U.S./Middle Eastern affairs. Its Board members are Osias G. Goren, Chairman; Edward Sanders and Maxwell E. Greenberg, Honorary Chairman; Dr. Steven Spigle, chairman of the research committee; and Robert Borsuk, chairman of Administration.

The Center, which worked with Histadrut to design the South African Community development program, and has helped facilitate its implementation in the past, will be directly responsible for recording all financial transactions, collecting all receipts for expenditures, arranging travel and accommodations for the participants, and preparing all reports for submission to the granting organization. Shimson Zelnicker, an Israeli who works for the Center for Policy Options, will carry out the program with the Director of Histadrut's Afro-Asian Institute in Israel and South Africa.

As the U.S. counterpart to the Histadrut within the International Confederation of Free Trade Unions, the AALC will be an additional point of contact in the United States. A further relationship to this program will be explored between the AALC and the Institute during the course of this year's program. However, for this grant, AALC will not play any role in either the program selection process or the general management of the program. It will assist in the

forwarding of funds to the program. The AALC is not requesting the use of any portion of funds from this grant request.

4. Grant Funding. The total amount of NED support to The Histadrut under this Grant is \$300,000 (as detailed in NED's proposal) including the administration subgrant to the Center for Foreign Policy Options.

### C. IDASA

1. Background and Program. The Institute for Democratic Alternatives for South Africa (IDASA), an independent body established in 1986, is dedicated to the creation of a viable organization to stimulate debate on democratic alternatives for South Africa and to foster the growth of democratic opinion by focusing attention on regional or national issues which require united effort on an inter-racial basis. IDASA seeks to foster the growth of democratic opinion by focusing attention on regional or national issues which require united effort on an inter-racial basis. With NED support, IDASA will address specific issues of a practical nature through workshops and conferences, and will run a series of symposia to study alternative political structures.

It is IDASA's contention that a democratic South Africa is indeed a viable proposition and that a variety of constitutional structures could support this objective. In addition, there are social and economic alternatives within the various constitutional structures which are supportive of democratic systems. Rather than advocate a particular formula, IDASA will serve as a forum to study, debate, and publicize a range of these alternatives, together with their projected effects.

A range of techniques will be used for collecting information, including papers by individual academics, small workshops, large conferences and public opinion surveys. The results of this work will be disseminated through the press, in short booklets and in major studies. The product of all these activities, it is hoped, will be materials that not only will serve as a basis for future policy, but also increase the awareness of alternatives more generally throughout the society and thereby facilitate the establishment of a democratic society.

Specific activities planned for the coming year include:

Planning session and major conference on democratic educational reforms in South Africa. This two-stage program will begin with a day-and-a-half long planning session with approximately twenty of the country's educators, and will culminate in a major conference in January or February 1988, at which the future of education in South Africa will be studied and discussed;

Ongoing workshops and seminars run by regional offices. IDASA will identify as many organizations as possible with cognate interests at a regional level and arrange meetings between them. A means for bringing about a non-racial organizational structure that could form the basis of a future local government structure will be explored;

Research on policy options for the private sector. This program will focus key actors from the private sector on democratic alternatives of interest to business in areas such as land reform, housing, health, local government and education;

Contact meetings between labor and white opinion leaders including union and business leaders, and church, student, education and community leaders from the white community;

A major meeting between voluntary organizations similiar to IDASA. It is necessary to have a meeting (perhaps more than one) between IDASA and organizations such as the Urban Foundation, SAIRR, Black Sash, Free Market Foundation, Operation Groundswell, Let South Africa Speak, MERGE, Institute for Intergroup Studies, FCI, ECC, JODAC, etc., to determine priorities, differences, overlappings and possible coordination;

Workshops on students and democracy. IDASA will provide an ongoing forum where students from ASB, Jeugaksie, NUSAS and AZASO can discuss a democratic alternative for South Africa;

Workshops on church, apartheid and democracy. This program responds to a specific request from Stellenbosch for theological students from Stellenbosch and other Afrikaans universities to meet people from SACC, ICT and IDAMASA, for example, to talk about the role of the church in promoting democratic ideals; and

Setting up a publishing firm for IDASA to produce literature and newsletters (Taurus, and avant garde Afrikaans publishing firm, has approached IDASA to become part of this).

IDASA is requesting approximately \$100,000 for its planning session and conference on democratic educational reform in South Africa, and for some of its general infrastructure needs.

The September 25-26 planning session will be held in Cape Town as a preparatory meeting for the conference gathering together twenty-three of the country's top educators from across the political spectrum to develop the conference agenda. The composition of participants for the planning

session will be important to building a broad base of support for the objectives of the conference, which will take place in January or February 1988. The conference will include not only some of the country's best thinkers in the field of education, but also practitioners, such as university teachers, so that the agenda can include proposals for curriculum development within the context of overall educational reforms.

Among those who have already agreed to participate in the program are: six professors of education from major South African universities such as the University of Cape Town, the University of Zululand, the University of the North and Rand Afrikaans University; three key leaders from the National Education Crisis Committee; the head of the 15,000 member Colored Teachers Association; and JanPietre DeLange, prominent educator, former Chairman of the Afrikaner Broederbond and former head of the special Commission of the Human Science Research Council. The Commission was formed in 1980, when the South African government called for an in-depth investigation into education. The Commission's recommendations were subsequently rejected by the government, but Mr. DeLange still enjoys great respect in government and conservative circles. IDASA also expects the participation of close advisors to the Education Minister.

IDASA has also requested partial funding for its infrastructure costs including the salary of a secretary in the Cape Town headquarters office, who provides support to the organization's two Directors, and communications costs. IDASA will also have tremendous transportation costs in the next twelve months. The Directors will necessarily spend a great deal of time crisscrossing the country as the careful process of trying to bring very diverse groups of people and individuals together to discuss the issues of common concern. Therefore, IDASA is in need of assistance for travel costs for its two Directors so that they may carry out their responsibilities for education and development projects.

The Endowment provided a small FY 1987 grant of \$25,000 to IDASA (with non-AID funds) to support its May 1987 conference entitled "Towards Democratic ALternatives for South Africa" held in Port Elizabeth.

2. Organization. Founded last fall by Dr. Frederik Van Zyl Slabbert and Dr. Alex Boraine, IDASA seeks to develop a truly non-racial and democratic alternative for South Africa's future. Both men had formerly held high posts within the liberal Progressive Federal Party as well as seats within the South African Parliament. Both resigned these posts last summer, citing the increasing irrelevancy of the Parliament to events within the country and the need for democratic alternatives outside the existing legislative structure

IDASA intends to convene workshops, seminars, and conferences on critical social, political, and economic issues. IDASA has already begun research activities relating to a democratic alternative in South Africa and is planning a nationwide dissemination effort using publications, audio-visual materials, vides and films. IDASA is headquartered in Cape Town, with regional offices in Johannesburg, Pretoria, Stellenbosch and East London. The headquarters office is staffed by the two Executive Directors, Drs. Boraine and Slabbert; the National Coordinator, Wayne Mitchell; the National Administrative Secretary, Noel de Vries; and a small administrative staff. The headquarters office is responsible for administration, fundraising, regional coordination and running the national level programs. In July, IDASA organized the highly publicized meeting in Dakar which brought together some fifty Afrikaners, representing a broad spectrum of thinking within the Afrikaner community, with exiled members of the African National Congress.

IDASA's Board of Directors includes: Catholic Archbishop Dennis Hurley of Durban; Professor Jakes Gerwel, the Rector of the University of Western Cape; Dr. Nthato Motlana of the Committee of Ten; Professor Stuart Saunders, the Vice Chancellor of the University of Cape Town; Dr. Beyers Naude, the General Secretary of the South African Council of Churches; Professor Andre du Toit and Dr. F. Van Zyl Slabbert, former members of Parliament.

3. U.S. Grantee. IDASA has asked that USSALEP (see BCU, U.S. Grantee) serve as the U.S. grantee, as it did for NED's first grant with IDASA. The two organizations have had an association since 1986, and USSALEP will continue running programs that assist IDASA out of alternative resources. USSALEP will be responsible for setting up the mechanisms for financial transactions and reporting for grant funds, submission of an audit and insuring that proper procedures are followed in the expenditure of funds. USSALEP's portion of the grant will cover its costs for communications, staff time for preparation of accounting and program reports, supplies, an audit and the costs related to periodic transfers of funds.

4. Grant Funding. The total amount of NED support to IDASA under this Grant is approximately \$90,000. For the collaborating U.S. organization, whose responsibilities will be detailed in the implementation plan, NED will execute a subgrant with USSALEP for approximately ten percent of the total amount of the subgrants under its direct administration.

D. "How Democracy Works", Prospects (City Press)

1. Background and Program. Drum Publications of South Africa has begun publishing a fortnightly feature describing "How Democracy Works" in the Prospects supplement of City Press, the largest circulation newspaper among blacks in South Africa. The feature discusses the principles and concepts of

democracy, and how they can be applied to a multiracial society in South Africa. The feature also examines how other democratic societies function and their effectiveness in maintaining freedom of expression, movement and opportunity.

The material is to appear in approximately twenty-six issues over a one-year period and is intended to create an awareness of (and hopefully adherence to) democratic ideals and principles among the black communities, which have long been subjected to highly authoritarian systems, and which are now beginning to enjoy very limited freedoms.

It is hoped that a concrete discussion of democratic values will help to counter the strong Marxist campaigns now being waged in the black townships, pointing the way to a democratic form of government as described and achievable goal in South Africa. It is also possible that a serious discussion of democratic values and governance among blacks could have a significant impact on some elements within the Afrikaner National Party which continue to fear the consequences of eliminating the apartheid system of governance.

Writers for "How Democracy Works" include Denis Beckett, a respected editor of the thought-provoking monthly publication Frontline, which has wide credibility among blacks. Ancillary features such as readers opinion columns will encourage greater reader participation in the discussion.

The Endowment has been asked to sponsor the space in the publication and cover the fees of the contributors providing the material, and to cover the costs of three to four mini-conferences.

The proposed mini-conferences will be presided over by two to three independent journalists, with between four and six political leaders or representatives of interest groups as participants. The participants will be asked to prepare position papers in advance, which will be used as the basis of dialogue. City Press plans to publish and distribute details of the discussions, and hopes to make video recordings of the sessions which will be distributed to other interested groups and individuals.

2. Organization. City Press is a weekend newspaper with a predominantly black readership. It is the largest circulation black newspaper in South Africa, and the third largest weekend paper. With a readership of more than 1,200,000, of which seventy-nine percent are below the age of thirty-four, it is the fastest growing paper in the country, having nearly doubled its circulation in less than two years.

The country's only "national" black newspaper, the City Press circulates in Pretoria, Johannesburg, Witwatersrand, Vereeniging, rural Transvaal, Natal including Kwa Zulu, Eastern Cape, Western Cape and Orange Free State.

Prospects, the City Press supplement which carries the series, was first published on August 18, 1985. It highlights personal career advancement and business opportunities that are available to blacks through the free enterprise system and through social responsibility programs of corporate business. It also provides definitive guidelines on careers and advice on business enterprise, and publishes the success stories of black achievers.

City Press is part of Drum Publications and is owned by Nasionale Pers (National Newspapers), which is Cape Town-based and the largest newspaper group in the country. Basically a pro-government group, it has drawn up a special charter for City Press -- to which it stringently adheres -- stipulating that it will not change the anti-apartheid, anti-government policies of the publications.

The following individuals work on "How Democracy Works" and contribute articles:

Percy Qoboza, editor of City Press, is South Africa's most decorated journalist. He was editor of the black newspapers The World and Weekend World when they were banned by the government in 1977. He himself was detained and was imprisoned without charges for five months. Mr. Qoboza was awarded a Neiman Fellowship in 1975 and studied political science and sociology at Harvard. After his release from detention, he edited the Post and Sunday Post (a black paper) for two years before spending two years as a guest editor on the Washington Star.

Raymond Louw conceived and edits Prospects. He has served as editor of the Rand Daily Mail and General Manager of SA Associated Newspapers, the second largest English-language publishing group in the country. Mr. Louw is now editor and publisher of the weekly newsletter Southern Africa Report, and editorial and publishing consultant to Drum Publications. In the past Mr. Louw has served on the Board of numerous South African and international press associations. He has been active on issues of press freedom in South Africa.

General articles will be provided by Denis Beckett, editor and owner of Frontline, a monthly political magazine. Mr. Beckett has won the SFW award for Enterprising Journalism -- South Africa's Pulitzer -- once for creative journalism, and once for investigative reporting. Last year he was voted one of four outstanding South Africans.

3. U.S. Grantee. Freedom House, established in New York 45 years ago to strengthen free institutions around the world, has earned a reputation as a pre-eminent non-partisan spokesman for the principles of freedom and democracy. Among its highly respected publications is Freedom in the World, an annual comparative survey of freedom and human rights in the world.

Freedom House's own programs work in two ways, through: 1) Research, planning and advocacy for democracy, and 2) Publications to examine and strengthen democratic institutions. The first category of work is carried out through the Comparative Survey of Freedom, the Center for Hemispheric Studies, the Center for Appeals for Freedom, policy advisories, testimony, appeals, press conferences, the Afghanistan Information Center, and assessments by and about the news media and international communications issues. Freedom House Executive Director, Leonard Sussman, is an internationally known expert on media and communications issues affecting freedom of the press. It is in great part because of Freedom House's record of working for press freedom in South Africa, and throughout the world, that this organization is the U.S. partner for the City Press grant.

For this grant, Freedom House will be responsible for setting up appropriate mechanisms for drawdowns and reporting, submission of reports, an audit and insuring proper procedures are followed in the expenditure of grant funds. The Freedom House portion will cover costs associated with carrying out its administrative responsibilities such as staff time, accounting, communications and an audit.

The Board of Directors includes: Max Kampelman, Chairman (on leave); John W. Riehm, President; Leo Cherne, Honorary Chairman; Ned W. Bandler and Burns W. Roper, Vice-Presidents; Zbigniew Brzezinski, Sol C. Chaikin, Lawrence S. Eagleburger, Richard N. Gardner, Sidney Hook, William Kintner, Morton M. Kondrake, Morris Leibman, Daniel P. Moynihan, Albert Shanker, Ben Wattenburg, and others. Freedom House also has a Domestic Advisory Council and a Foreign Advisory Council.

4. Grant Funding. The total amount of NED support to City Press under this Grant is approximately \$75,000 (as detailed in NED's proposal). For the collaborating U.S. organization, whose responsibilities will be detailed in the implementation plan, NED will execute a subgrant with Freedom House for approximately ten percent of the total amount of the subgrants under its direct administration.

#### E. Frontline

1. Background and Program. Frontline is an award-winning independent monthly journal of news, political commentary, and economic and cultural essays. Owned and edited by Denis Beckett, Frontline also publishes the bi-monthly Frontline Books: The South Africa Review of Literature.

Denis Beckett's thought-provoking approach to solving South Africa's problems has grabbed the attention of many South Africans, ranging from the more moderate elements of the National Party, to the white liberal opposition, to diverse elements within the black majority. In trying to create an atmosphere for political negotiation, Frontline is heavily focused on trying to convince people on all sides of the issue

Frontline has the acceptance of South African groups which are attempting to present solutions to the South Africa problem, but which remain frustratingly far apart up to now. Presently operating on a small budget, Frontline seeks financial support to underwrite a seven page "democratization" section for each issue of the publication for a trial period of eleven months. The "democratization" section would deal exclusively with the democratic debate, with contributions from political figures, academics and the editor, Denis Beckett. Mr. Beckett will not be able to run this special series without NED support because the controversial content makes it nearly impossible to obtain the usual business advertising which covers the cost of the rest of the magazine. Mr. Beckett proposes to split Frontline by maintaining the normal range of material supported by advertising, and to add a separate section exploring democracy in the back of the magazine which would contain no advertising, but would instead be supported by an Endowment grant. This arrangement would allow Frontline to provide a forum for democratic debate without jeopardizing the entire magazine which would lose most of its advertising support if advertisements were to be placed among articles generating debate on democratic alternatives.

2. U.S. Grantee. The Freedom House, as described above, has been selected as the collaborating U.S. organization for Frontline. Freedom House will be responsible for setting up appropriate mechanisms for drawdowns and reporting, submission of reports, an audit and insuring proper procedures are followed in the expenditure of grant funds.

3. Grant Funding. The total amount of NED support to Frontline under this Grant is approximately \$30,000 (as detailed in NED's proposal). For the collaborating U.S. organization, whose responsibilities will be detailed in the implementation plan, NED will execute a subgrant with Freedom House for approximately ten percent of the total amount of the subgrants under its direct administration.

#### F. LAMLA

1. Background and Program. LAMLA is an inter-racial, inter-denominational conciliation and mediation group in the Western Cape which grew out of a conflict management committee of the Western province of Churches but split with the Council of Churches in 1984 to become independent). LAMLA is a Xhosa word meaning "to bring together people who are in conflict." It is apolitical and considered an important force for the democratic process in South Africa. During the Crossroads crisis, when embattled groups rejected mediation, it was LAMLA volunteers and professionals who arranged for Archbishop-Designate Desmond Tutu's meeting with the "vigilantes," drove him to that meeting, provided him with important local background and helped him to achieve a truce. LAMLA also set up the meetings for Tutu with the "comrades" and arranged for a period of mediation in which conversation and dialogue could take place.

Because LAMLA has rejected affiliation with any organization, it has retained access to all organizations. The aim of the organization is "to open entire communities up to participatory democracy, dialogue and critical examination of ideology through a process of training in conflict management/conflict prevention, community dialogue and leadership training.

LAMLA conducts its programs on two levels. Its grassroots program is aimed at supporting specific communities through workshops, counselling and group social therapy. The second level of work is aimed at various leadership groups, including such disparate elements as squatter leaders, clergymen and teachers. LAMLA works at this level through workshops, intensive counselling in conflict management and encouragement for critical thinking about ideological questions.

FY 1986 NED funding enabled LAMLA to pay two trainers and train one more, add a program organizer, increase the number of workshops in the Cape area by eight, add eight training programs in the Johannesburg and Port Elizabeth areas, and purchase badly needed equipment.

During the 1987 grant period LAMLA's activities included involvement in negotiations which resulted in the successful resolution of the rents boycotts in Khayalitsha; providing leadership and conflict resolution training to groups and individuals in the violence ridden squatter communities; initiating negotiations with authorities on basic rights, housing and economic development issues; training in negotiation techniques for clergy, trade unionists, and community organizations; a human relations and organizational training program for mothers in the Nyanga, Guguletu and squatter communities, and development of resource material for its training programs. A particularly important program has evolved over the last year which provides education to Koinonia, a conservative Afrikaner group, on the deeper conflicts and hardships resulting from apartheid, the very system which has shielded them from such realities. The demands for this latter program are increasing, and renewed assistance would enable LAMLA to broaden work in this area, and to continue to reach more communities with its more traditional programs.

LAMLA wishes to use more of its resources in the coming fiscal year for collection and development of more resource material. Techniques which have been successfully used by LAMLA, it is felt, should be used in printed materials which can be distributed to groups beyond LAMLA, thereby expanding greatly the outreach of LAMLA's work. Production and programming of such specialized material will require continued support for LAMLA's program organizer.

LAMLA's program includes the following:

(1) development of resource materials addressing a) third world needs, i.e., conflict in South Africa and elsewhere, human relations, black perspectives in the context of the conflicts, materials on democracy and peacemaking b) seminars and materials on the perception of black groups looking at white groups which is meant to help whites understand the perspective of blacks and their fears, and to facilitate understanding.

(2) further development of the leadership program and supporting materials for use in South Africa and abroad. The materials will be developed out of LAMLA's experience in this work and will be re-used in mini-workshops. The program will focus on negotiation and reconciliation and the effects of violence on a) pre-school children, b) high school and university students, c) literate and illiterate adults. LAMLA will target educational institutes and the Early Learning Center where mini-workshops and some major workshops will be conducted.

(3) dissemination of program material through circulation of catalogues and other publications which will require the introduction of a resource mailing system.

2. Organizational Information. LAMLA is rooted in the religious community, but broke with the Council of Churches when ideological tendencies in the Council became detrimental to an organization committed to dialogue. LAMLA has since drawn support from the broadest spectrum of religious denominations, and from a wide variety of private organizations. The Executive Committee is chaired by Sister Aine Hardiman (Dominican Order); the Secretary is Ms. Celeste Santos (teacher) and the Treasurer is Mrs. Sheila Coltman (accountant).

3. U.S. Grantee. The United States-South Africa Leadership Exchange Program (USSALEP) is serving as the U.S. partner (as described under the BCU). Under this grant USSALEP will be responsible for setting up the mechanisms for financial transactions and reporting for grant funds, submission of an audit and ensuring that proper procedures are followed in the expenditure of funds. USSALEP's portion of this grant will cover its costs for communications, staff time for preparation of accounting and program reports, supplies, an audit and the costs related to periodic transfers of funds.

3. Grant Funding. The total amount of NED support to LAMLA under this Grant is approximately \$145,000 (as detailed in NED's proposal). For the collaborating U.S. organization, whose responsibilities will be detailed in the implementation plan, NED will execute a subgrant with Freedom House for approximately ten percent of the total amount of the subgrants under its direct administration.

#### IV. Implementation Strategy

AS NED does not carry out its programs directly, funds for this purpose are provided to numerous private groups and organizations to do so. Accordingly, each South African organization is monitored and assisted by a US collaborating organization.

There are certain responsibilities assigned to the U.S. subgrantee basic to each subgrant agreement. In signing a subgrant with the Endowment, a U.S. organization is legally accepting the financial responsibilities and guidelines for financial management of funds provided under the Grant. Subgrantees are required to supply the Endowment with a justified budget breakdown, a completed financial questionnaire, and a projected cash flow for management of the subgrant funds awarded to both the U.S. and foreign subgrantee, prior to the award of those funds. It is also the responsibility of the U.S. subgrantee to make arrangements with the foreign subgrantee for the periodic transfer of funds and to work out appropriate mechanisms for reporting on the expenditure of funds and program activity in a manner that will adequately meet the Endowment's requirements. Reports sent to the Endowment include input from the U.S. subgrantee.

The Endowment's preference of awarding subgrants through U.S. organizations is, in large part, justified as a means of encouraging private U.S. groups to participate in and develop a greater understanding of the peaceful struggle for democracy taking place in countries all around the world. In order to guarantee that such U.S. participation will be truly beneficial to the foreign subgrantees, NED tries to select groups that not only will be capable of assisting foreign groups in working with a federally funded subgrant, but also seeks to assist in development of partnerships among U.S. groups and foreign groups who share certain common objectives. The U.S. organizations are paid a fee of approximately ten percent for administering the subgrants. Those costs normally include communications with NED and the foreign subgrantee (telephone, telex, postage), staff time for review and preparation of reports, accounting and audit costs, costs associated with financial transactions, such as bank fees, and travel to monitor programs.

In some instances where U.S. groups cooperate in the on-the-ground program activities, budget items for program activities may be awarded to the U.S. subgrantee, in addition to the basic ten percent provided for costs associated with administering subgrants and an audit.

To further strengthen implementation of the program, NED will incorporate the following actions into its program administration.

1. Preparation of implementation plan. NED will prepare a detailed implementation plan which includes US and South African Organizations and presents implementation objectives, specific activities in support of those objectives, and a timetable covering the period of the grant. NED will submit the plan to the USAID Mission in South Africa for review and approval within sixty days of signature of the Grant. The implementation plan will also lay out the specific responsibilities for all personnel (NED and otherwise) attributed to the Grant and approximate percentage of times thereto.

2. Field Visits. A minimum of two field visits/year for the NED Deputy Director of Program or other full-time employee of the Endowment are scheduled in order to meet with all subgrantees and USAID Mission staff. These will be scheduled at mutually agreed upon times.

3. Reports. As described in Attachment 1, Reports and Evaluation, NED will provide bi-annual reports on implementation progress, the format of which will be developed collaboratively. These reports will be reviewed by the Mission and may be used to redirect activities under the Grant.

4. Long-term Strategy. The long-term strategy of NED activities in South Africa should be addressed over the course of this Grant. AID considers NED's contribution to peaceful change in South Africa as essential, and looks to NED for the clear articulation of its specific goals and objectives for South Africa.

Accordingly, NED will prepare a strategy paper which reflects its long-range goals and objectives in South Africa. This document will serve as a foundation for further program development and should reflect NED's interaction with South Africa community-based leadership providing assistance to victims of apartheid in the process of peaceful change toward a democratic society.

A draft of the strategy paper shall be presented for AID comment in July 1988 and finalized by NED in August 1988.