

PDBBS 357

**Office of Development Affairs
September 18, 1989**

**Mr. Lawrence B. Mavundla
President
African Council of Hawkers
and Informal Businesses
P.O. Box 4122
Johannesburg
2000**

**Subject: African Council of Hawkers and Informal Businesses;
Grant Agreement No.: 674-0303-G-SS-9058-00.**

Dear Mr. Mavundla,

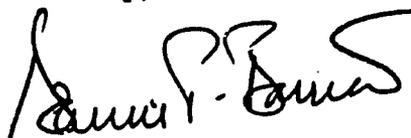
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter "USAID") hereby enters into this Agreement with the African Council of Hawkers and Informal Businesses (hereinafter "ACHIB" or "the Recipient") and obligates the sum of U.S. \$220,000 to provide support for a program described in Attachment No. 1, entitled "Schedule", and Attachment No. 2, entitled "Program Description" of this Agreement.

This Agreement is effective and obligation is made as of the date of this letter. The Agreement and obligation shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning September 18, 1989 and ending December 31, 1991.

This Agreement is entered into with ACHIB on condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, "the Schedule", Attachment 2, "Program Description and Financial Plan", and Attachment 3, "Standard Provisions". This letter and the three Attachments just described, which have been agreed to by your organization, constitute the Agreement.

Please sign the original and one (1) copy of this letter.
Please then return the original to USAID/Pretoria.

Sincerely,



Dennis P. Barrett
Counselor for Development Affairs

ACKNOWLEDGED AND ACCEPTED

BY: Mr. Lawrence B. Mavundla
TITLE: President
African Council of Hawkers and Informal Businesses

ATTACHMENT:

1. SCHEDULE
2. PROGRAM DESCRIPTION
3. STANDARD PROVISIONS
4. NINETY DAY ADVANCE

ATTACHMENT NO. 1.
SCHEDULE

I. OVERVIEW OF AGREEMENT

Purpose of Agreement

This agreement will support a major effort by the African Council of Hawkers and Informal Businesses to provide critical legal support services to black hawkers and other informal sector businesspersons, *as further described in Attachment Two "Program Description" entitled*

II. PERIOD OF AGREEMENT

The effective date of this Agreement is September 18, 1989. The Agreement expiration date is December 31, 1991, meaning that no A.I.D. funds shall be applicable under this Agreement to goods not furnished and services not performed for the program by this date.

III. AGREEMENT FUNDING AND PAYMENT

USAID hereby obligates the sum of \$220,000 for purposes of this Agreement.

IV. RECIPIENT RESOURCES

- A. The Recipient agrees to provide or cause to be provided for the Agreement program all funds, in addition to those provided herein, and all other resources required to carry out the Agreement effectively and in a timely manner.
- B. While not a specific cost element in the Agreement, a component central to the Agreement program's success will be ACHIB's established infrastructure and credibility. ACHIB's operations project a 1989 operating budget exceeding R1,000,000, all of it obtained from sources other than USAID. Over the two year period of this Agreement, it is anticipated that the net application of ACHIB funds acquired without this Agreement will exceed R2,000,000.

V. FINANCIAL MANAGEMENT

- A. ACHIB shall be responsible for accounting for all funds provided under this Agreement. Reimbursement for expenses incurred shall be in the form of a monthly submission of invoices marked "paid", cancelled checks, signed payroll sheets and other appropriate documentation, as further described in part B of this section.

Included in this Agreement, as Attachment 4, is a one year budget based upon expected expenditures covered by this Agreement. This budget also reflects quarterly cash flow requirements and represents ACHIB's request for a 30 day advance. A sufficient advance of funds will be provided to cover expenses for three months of operations.

Execution of this Agreement constitutes USAID approval of the advance, and for AID's internal purposes, earmarks and commits all funds obligated under this Agreement. Any interest earnings from funds provided under this Agreement will be returned to USAID.

B. Disbursement Procedures

1. Local currency disbursements from USAID to ACHIB will be made through monthly reimbursements for expenses incurred during the previous month. Each reimbursement request will include (a) a summary sheet listing, in a format compatible with the budget, the purpose and amount of all (individual) expenses incurred, with a sub-total; and (b) copies of paid invoices (not pro forma invoices), checks, or other documentary evidence showing that funds were expended and the payee received such funds; e.g. an invoice stamped "paid", a cancelled check, or a payroll sheet signed by the employee.
2. It is recognized that an advance of funds is required, as working capital, to carry out the purposes of this Agreement. Refer to Section V-A and Attachment 4 which requests such an advance.
 - a. As discussed in para. B1 above, monthly expenses are reimbursed. As such, USAID will reimburse the Recipient for recurring expenses financed from the advance, but non-recurring expenses financed from the advance will not be reimbursed. Rather than reimburse non-recurring expenses, the amount of the advance will be reduced by that amount. Consequently, when the Recipient submits its monthly reimbursement request per paragraph B1, it is most important to include those expenses which will be used to reduce the advance balance.
 - b. At the end of the Agreement period, an advance balance will be liquidated through submission of paid invoices and/or cash.
 - c. Should there be a need to increase the level of the advance, USAID should be notified in writing at least 90 days before the required increase. USAID will advise in writing of any approved increases. Likewise, USAID reserves the right to decrease the level of the advance should expenditures fall below projected levels.

VI. FINANCIAL PLAN

- A. The Financial Plan for this agreement is set forth in Tables 1 and 2 of Annexure A to this Schedule. Revisions of this Plan shall be made in accordance with Standard Provision 4 of this Agreement, located in Attachment 3 and entitled "Revision of Agreement Budget". All line-item adjustments, as defined in the footnotes to Table 1 of Annexure A, must receive prior USAID approval.
- B. The budget-line-items provided in Table 2 of Annexure A have been calculated by taking the amounts required by ACHIB in South African Rands and then converting these to U.S. Dollars at an exchange rate of R2.65/US\$1. While the Rand amounts are included in Table 1 for illustrative purposes, the U.S. Dollar totals, and not their Rand equivalents, constitute the binding level of USAID assistance.

Due to exchange rate fluctuations, South African Rands available under any individual item financed under this Agreement may exceed levels budgeted for by ACHIB. In such an event, ACHIB will propose to USAID in writing its priority use of these funds. If USAID is in agreement with such proposal, arrangements will be made to amend the Agreement to provide for their expenditure. However, should changes in the exchange rate result in fewer South African Rands being available than budgeted for, ACHIB must finance the shortfall since the U.S. dollar amount prevails.

VII. REPORTING

Beginning at Agreement month 6, ACHIB shall submit half-yearly reports to USAID/SA containing, inter alia, the following:

- a. A summary of Agreement program activities over the previous six months.
- b. A summary of Agreement program activities planned for the next six months.
- c. A summary of problems, if any, encountered in implementing Agreement program activities.
- d. A summary of the following statistical information disaggregated by sex and by region, for both the past six months and cumulative for the project to date:
 - i. the total number of applications for legal assistance received.
 - ii. a summary of applications which were successful and subsequently acted upon by ACHIB. The precise format of this data will be developed jointly by ACHIB and USAID/SA.
- e. Any other relevant information reasonably requested by USAID.

2. Final Report

Within two months of the conclusion of the Agreement, ACHIB shall submit a final report summarizing the accomplishments of the Agreement, significant problems/failures encountered in its implementation, actual expenditures pursuant to it and any other items USAID/SA may specify.

VIII. OVERHEAD RATE

Not applicable.

IX. TITLE TO PROPERTY

Title to all property purchased under this Agreement shall vest in the Recipient in accordance with the terms of Attachment 3, Additional Standard Provision 19, entitled "Title to and Use of Property".

X. AUTHORIZED GEOGRAPHIC CODE

The authorized A.I.D. geographic code for all procurement with A.I.D. funds under the Agreement is the United States of America and the Republic of South Africa, meaning that all goods and services financed by this Agreement shall have, with respect to goods, their source and origin, and with respect to services, their nationality, in the United States or the Republic of South Africa.

XI. LOCAL COST FINANCING

It is hereby specified that the amount of U.S. dollars authorized to be used for local cost financing is up to the entire amount obligated under this Agreement.

XII. SPECIAL PROVISIONS

A. Conditions Precedent to Disbursement

Prior to disbursement of funds for any of the activities listed in the illustrative Agreement budget (see Table 1, Annex A to this Attachment), ACHIB shall submit, in form and substance satisfactory to USAID/SA, evidence that it has competitively recruited and appointed the new head of ACHIB's Legal and Deregulation Department. This individual shall be recruited in accordance with the procedures established in Part B (3) of this Section, below, and shall carry out the functions described in Section V of Attachment 2 of this Agreement.

B. Covenants

1. Procurement

- a. Scope. This provision is applicable to the extent that local cost financing is otherwise authorized by the Agreement. It does not require local procurement in South Africa where off-shore procurement could otherwise occur.
- b. 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.
- c. Definitions. Individuals and organizations disadvantaged by apartheid shall mean: 1) South African individuals of black, "coloured" 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, "coloured" or Asian descent. The Republic of South Africa includes the so-called "independent" and "self-governing" homelands, and, for purposes of implementing this provision, Namibia.

2. Competitive Contracting Procedures

Except as provided in Section B1 above, all procurement transactions shall be conducted in a manner to provide, to the maximum extent practicable, free and open competition.

Should any single procurement of external legal services financed by this Agreement (see Section V of Attachment 2 of this Agreement, below) exceed R5,000, ACHIB will provide USAID with a summary memorandum of competition including, inter alia, the following:

- a) the identity of at least two contractors considered, but not selected for the work; and
- b) the identity of the contractor selected and the rationale.

ACHIB further agrees to provide three written quotes for any procurement of goods under this agreement exceeding R5000 in value.

3. Personnel Recruitment

ACHIB agrees that the new head of its Legal and Deregulation Department be recruited through an appropriate competitive process and in accordance with the relevant terms of this Agreement. Following selection of such individual, ACHIB will provide a brief memorandum to USAID/SA indicating the competitive process utilized and providing the selection rationale for the individual chosen. ACHIB further agrees that the terms of Section B1, above, will apply fully to all personnel recruitment undertaken by the organization.

4. Employment Generation and Women's Participation

ACHIB agrees that in implementing this Agreement it shall make an affirmative and cognizable effort to promote the following, important objectives:

- a. generating employment opportunities in black communities;
- b. increasing women's participation in the black private sector/broader South African economy.

5. Restriction on Assistance to the South African Government

ACHIB agrees that no funds provided under this Agreement shall be utilized in any way to support the South African Government, the governments of the so-called "homelands", or any entities controlled by same.

6. Salary Structure

ACHIB agrees that its staff salary structure will comport, as applicable, with professional standards and be compatible with its status as a community-based organization.

7. Legal Fees and other needs

ACHIB agrees to fund, through other sources of income, any external legal fees in excess of those provided for herein which will be required for the successful implementation of the Agreement program.

XIII. STANDARD PROVISIONS

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

Annexure A to Attachment 1

Table 1 - Illustrative Agreement Budget (Rands)

<u>Category</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Total</u>
1. Salary and Benefits:			
Heads:Legal Services	R 67600	R 77740	R145340
4 x Legal Assistants	117720	135378	253098
1 Secretary	<u>21970</u>	<u>25266</u>	<u>47236</u>
Subtotal:	R207290	R238384	R445674
2. Office Administration:			
Office Rental	4800	5520	10320
Water & Electricity	1200	1380	2580
Telephone	2400	2760	5160
Postage	1200	1380	2580
Telex/Fax	1200	1380	2580
Consumables	<u>2400</u>	<u>2760</u>	<u>5160</u>
Subtotal:	R 13200	R 15180	R 28380
3. Program Activities:			
Legal Fees	12000	13800	25800
Air Travel	9600	11040	20640
Car Rental	6000	6900	12900
Car Allowance	6000	6900	12900
Accommodation	4200	4830	9030
Legal Materials	<u>8000</u>	<u>9200</u>	<u>17200</u>
Subtotal:	R 45800	R 52670	R 98470
4. Office Equipment:			
Furniture	5700	---	5700
Equipment	<u>4776</u>	<u>---</u>	<u>4776</u>
Subtotal:	R 10476	R ---	R 10476
TOTAL:	R276766	R306234	R583000

NOTE: The dollar equivalent of budget totals in line-items designated by numerals (see Table 2 of this Annexure, below) may not be exceeded without prior USAID approval in writing.

Sub-line-item totals are fungible provided variances do not reflect an unreasonable departure from the Agreement program.

ILLUSTRATIVE AGREEMENT BUDGET (RANDS)
NOTES AND ASSUMPTIONS

1. Salaries and Benefits

Annual maximum salary costs are computed as follows:

1 x Head:Legal Services	R67600
4 x Legal Assistants	29430
1 x Secretary	21970

Benefits include Medical Aid and Pension contributions and provision is made for a 15% annual increase. As per standard South African practise, provision is also made for a thirteenth cheque. The actual salaries for all positions paid will be based on salary history.

2. Office Administration

The budget has been computed as follows:

Office Rental	- R400 p.m.
Water & Electricity	- 100 p.m.
Telephone	- 200 p.m.
Postage	- 100 p.m.
Telex/Fax	- 100 p.m.
Consumables	- 200 p.m.

Provision has been made for 15% increases in Agreement year two.

3. Program Activities

Legal Fees	R1000 p.m.
Air Travel	800 p.m.
Car Rental	500 p.m.
Car Allowance	500 p.m.
Accommodation	350 p.m.
Legal Materials	8000 p.a.

Provision has been made for 15% increases in Agreement year two.

4. Office Equipment

The following allowances have been made:

Furniture	- R5700
Equipment (personal computer and appropriate software)	- R4776

Table 2
Official Agreement Budget (US \$)

Exchange Rate = 2.65 Rand/\$

<u>Category</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Total</u>
1. Salary and Benefits	\$ 78222	\$ 89956	\$168178
2. Office Administration	4981	5728	10709
3. Program Activities	17283	19876	37159
4. Office Equipment	3954	—	3954
TOTAL	\$104440	\$115560	\$220000

NOTE: Budget totals in line-items designated by numerals may not be exceeded without prior USAID approval in writing.

ATTACHMENT TWO
PROGRAM DESCRIPTION

I. SUMMARY

This Agreement will support a major initiative, to upgrade the legal support and deregulation activities of ACHIB.

The grant will enable ACHIB to effectively and efficiently provide legal assistance to black hawkers and other informal sector businesspersons.

In supporting the Legal and Deregulation Department of ACHIB, USAID will fund the operational costs of this department for a period of two years, during which time a critical mass of restrictive and unjust legislation affecting small black businesspersons is projected to be removed from the books. Specifically, the Agreement Program, funded at a level of \$220 000, will finance the following inputs:

Salaries and Benefits: The cost of reasonable salaries and benefits for the 6 Departmental staff members.

Office Administration: The reasonable cost of office rental, utilities and consumables.

Program Activities: Additional legal fees for cases requiring additional external expertise (e.g., Counsel), reasonable travel-related costs, the development of a legal library and ad hoc legal research are included in this category.

Office Equipment: The reasonable cost of office furniture and equipment for the Department.

Through this Department ACHIB aims to ensure that the informal business community is free from unjust and unnecessary legal restrictions, most of them rooted in apartheid.

II. BACKGROUND

A. Black Private Enterprise Development Project

In September, 1987, USAID/South Africa launched a 5 year Black Private Enterprise Development Project. The immediate purpose of this Project is to combat the inhibiting effects of discrimination by, inter alia, enhancing the institutional development and advocacy capabilities of black business institutions, providing support for micro and small black enterprise and facilitating competitive black entry into the primary economy.

South Africa's complex social, political and economic environment impinges directly on the character and viability of a black private enterprise development project. Racially discriminatory laws and regulations have, over generations, allowed whites to dominate South

Africa's economy and thereby institutionalize apartheid through monopolistic control of resources. Such control has limited the entry of blacks into business, particularly in the industrialized sector, and into management positions. It has also led many Blacks to link apartheid with capitalism.

This legacy of "racial capitalism" will only be overcome through increased black involvement at all levels of the economy. Those who have been disadvantaged by current policies and business practices must have the opportunity to see what private enterprise can offer in terms of access to goods, services, employment and an improved standard of living. Moreover, the impetus for equitable participation in South Africa's economy must come from existing as well as potential black entrepreneurs and business persons; after generations of discrimination, reforms and development programmes imposed by those seen as responsible for black oppression will be viewed skeptically or discredited.

In response to the unique demands of this environment, the Black Private Enterprise Development Project has been designed as an umbrella project in which assistance is rendered to South African non-governmental organizations providing support to the black private sector. This approach allows USAID/South Africa to respond to black initiatives in the private sector, rather than play the type of proactive or prescriptive role in private enterprise development that could be perceived as interventionist. It also provides sufficient flexibility to respond to opportunities as they arise, a critical attribute in an unstable and unpredictable environment. Furthermore, it contributes to the institutional development of legitimate, community-based organizations, thereby positioning such groups to play a more effective role both in the present and in a future, post-apartheid society.

B. African Council of Hawkers & Informal Businesses

1. Corporate Status

The African Council of Hawkers and Informal Businesses (ACHIB) was formed on May 6 1986 and is constituted to operate as a non profit organization.

2. Purposes and Objectives

The principal objective of ACHIB is to protect and enhance the interests of informal traders and other informal businesses through which economic empowerment could be obtained.

3. Coverage and Size of the Organization

ACHIB is controlled by a black-majority Board of Trustees representative from the black and white business communities. The ACHIB Trust controls and allocates all ACHIB funds and also assists the ACHIB Executive on policy matters. The operational activities of the organization are currently being managed by an Executive Board of four members, chaired by the elected President.

The Head Office of ACHIB is in Johannesburg and although the bulk of its membership is in the PWV area of Transvaal, ACHIB is represented in all four provinces of South Africa. By early 1989 ACHIB had an estimated 14000 members, including hawkers (who are mobile goods sellers) vendors (who sell from one spot, usually a vehicle or market stall), spaza shop owners (unregistered shops run from homes) informal hair salon owners and various small manufacturers.

4. Description of Concept

ACHIB believes in direct liaison with the informal business community. It has therefore chosen the route of an association and not a federation. Affiliation by other associates is encouraged through individual affiliation to ACHIB and not as separate affiliated organizations or bodies. Weekly meetings are held at local level to maximise interrelation between ACHIB and the informal community; Executive meetings are held twice a month.

ACHIB currently renders the following services to its members:

- 4.1. Legal Services - providing legal advice, assisting with acquisition of licenses, and lobbying with local authorities with regard to deregulation.
- 4.2. Training - providing basic business skills training in conjunction with other business organizations.
- 4.3. Employment Creation - assisting the unemployed in securing finance/sponsorships to become hawkers.
- 4.4. Special Projects - the provision of vending carts, market stalls, trading tents and shoe shine kits.
- 4.5. Public Relations - liaison with the press and organization of conferences to solicit public opinion support.

III. PROBLEM

A. Black Business in South Africa

Decades of racial discrimination in South Africa have marginalized black control over economic resources and severely restricted the entry of blacks into the mainstream of the economy, particularly in management capacities. Though representing 75% of South Africa's population, the black sector contributes a negligible percentage to the Gross National Product and has been almost wholly shut out of critical areas such as mining, agriculture, manufacturing and even retailing. While hopes of redressing these patterns have been raised by government and corporate reforms in recent years, black enterprise remains burdened by laws and discriminatory practices inimical to economic freedom.

One of the most striking statistics concerning the apartheid economy of the late 1980's is the estimate that there are currently up to some 900 000 people engaged either on a permanent or casual basis in hawking or informal trading activities. Although many of these black traders have been doing business informally for many years, most of them have done so illegally, mainly because the requirements in terms of storage facilities, move-on rules, licensing and health legislation are not achievable. It is estimated that some 1,000 laws, a goodly number of them racially discriminatory, are hampering free trade and competition and are a key reason for blacks being excluded from the economic mainstream. Apart from the indignities of constant harassment, this process of criminalization effectively prevents many such businesspersons from progressing to the next level of economic achievement.

Protecting those mostly affected - the small and informal black businesses - and pressuring those authoritative institutions inflicting these unjust laws, is vital to the process of expanded social and economic freedom.

B. Specific Issues Confronting ACHIB

ACHIB has grown over the past three years to become one of the most important pressure groups for informal sector development in the South African economy. With an accelerated membership drive and the development of a trading company, ACHIB has devised a programme to become even more effective through ultimate independence from external funding. However, the informal sector currently is being hamstrung by a number of unjust laws and ACHIB members are constantly faced with fines and confiscation of their products. ACHIB currently attempts to provide on-going legal representation and effective lobbying on behalf of such constituents; however, without the skills of a full-time lawyer and the institutional stability of a guaranteed source of funds for two years, such efforts have fallen short of their potential. ACHIB believes that, given prevailing economic and political trends, the next two years are critical ones for its

initiatives in this area, with the realistic prospects for a critical mass of restrictive unjust legislation to be removed. Attaining such a goal will, however, require a coordinated legal and lobbying campaign spearheaded by qualified personnel; this is currently beyond ACHIB's resources.

IV. PURPOSE

The main purpose of this Agreement is to enable ACHIB to develop its Legal and Deregulation Department on a two year, project basis. The main function of this department will be to:

- a) provide on-going legal assistance to hawkers and informal business
- b) negotiate with local and central government to change unnecessary laws and legislation.

Through such efforts, it is projected that a critical mass of unjust, apartheid-related laws restricting black economic activity will be repealed or rendered ineffectual, thus promoting meaningful black economic opportunity at a grassroots level.

V. PROGRAM DESCRIPTION

A. Basic Framework

The legal and Deregulation Department of ACHIB will serve as a means to remove a critical mass of apartheid-related regulatory and statutory laws inimical to black business development at the grassroots. ACHIB intends to tackle the problem on two fronts by:

1. Ongoing pressure on government and government institutions, through legal action and lobbying, to repeal unjust laws and regulations;
2. Provision of assistance to informal traders threatened with application of such measures, through legal advice and representation.

ACHIB has set itself the following specific targets to achieve during the next two years, pursuant to the Agreement program:

- * To ensure the scrapping of some 62 Acts and by-laws including licensing requirements.
- * To vigorously attack, by both legal means and lobbying, unjust laws and ensure that a critical mass are repealed or rendered ineffectual.
- * To ensure that every local authority is informed of newly changed legislation.

- * To meaningfully change negative governmental attitudes at all levels towards informal trading.
- * To render legal protection to a significant number of informal sector entrepreneurs, thereby providing them with the opportunity to move to higher levels of economic activity.

Towards these ends, the Agreement will finance, on a two-year project basis, the salaries of: (a) a widely qualified lawyer with the skills to spearhead effective legal and lobbying efforts; (b) the salaries of four legal assistants, to handle more routine legal problems and provide advice to the informal sector on a day to day basis; and (c) a secretary, to provide administrative support to the Department. In addition to the guarantee of two-year funding of salaries, the Agreement will, over the same period, also provide those infrastructural inputs necessary to ensure the institutional stability required to attract and make optimal use of superior talent. Inputs will include direct administrative costs associated with the program (telephone usage, office rental, consumables, etc.), business travel expenses, and requisite office equipment; also provided will be funds for both the development of a legal library (one of the first possessed by a community-based organization), and the commissioning of additional, external legal expertise (e.g. Counsel) when required for test or other important cases.

Total Agreement program funding is projected at \$220,000.

While the Agreement program is premised on a project-based response to extraordinary circumstances, it may transpire that a full gamut of legal services and expertise in defense of the informal sector is still required after the Agreement's two-year term expires. At that point, ACHIB will conduct a comprehensive review of its needs and options in this area and will craft its strategies accordingly. Should the continued need for an ambitious program of legal activities emerge, ACHIB's projections indicate that the organization will be able to fully finance these on its own, out of the following sources of revenue:

- a) income generated by ACHIB Trading Company (ATC);
- b) increased collection of membership fees by ATC;
- c) increased membership;
- d) the introduction of an associate membership scheme for formal businesses;
- e) a standard funding programme to South African based businesses.

B. Specific Components

As summarized above, the Agreement will finance the infrastructural needs of the Legal and Deregulation Department of ACHIB. Such needs will be addressed in the following four areas as described below:

Salaries and Benefits

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Agreement Attachment One, the following salaries will be funded under the Agreement:

- (1) **Head: Legal Department** - The incumbent will be a qualified black South African lawyer. It is anticipated that the incumbent will possess at least three years experience in labour law, deregulation litigation, and/or other relevant fields. The majority of the incumbent's time will be spent on:
 - overall implementation of all legal programmes, including direct participation in litigation;
 - leading ACHIB's negotiations with local authorities and central government;
 - identifying and appointing legal Counsel in exceptional legal cases;
 - training, supervising, and educating the legal assistants.

The incumbent, as well as his/her legal assistants, will focus exclusively on program work and will not handle in-house ACHIB legal matters.

- (2) **Legal Assistants (4)** - The legal assistant candidate will be a black South African with at least a matriculation qualification. Experience in legal work, lobbying and negotiation are prerequisites for this position. The legal assistants will implement all legal tasks where professional action is not required.
- (3) **Secretary** - The incumbent will be responsible for all the secretarial duties of the department such as typing, filing and noting telephone enquiries.

The selection of the lawyer heading the Department will be through a competitive selection process as elaborated in Section XII-B (3) of Attachment One to this Agreement. Three of the legal assistants and the secretary have already been competitively employed by ACHIB and the additional assistant will likewise be selected through a competitive process.

Benefits include provision to staff members of Medical Aid and Provident Fund.

Bonus Provision - In keeping with standard commercial practise in South Africa, provision is made for a thirteenth cheque.

Baseline maximum salary levels for each of the positions are set forth in the notes to Table 1 of Annexure A to Agreement Attachment One.

2. Office Administration

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Agreement Attachment One, the Agreement will cover the reasonable cost of the following items:

Office Rental: The cost of rental of adequate and suitable premises for ACHIB's Legal and Deregulation Department.

Water & Electricity: The cost of water and electricity usage of the Legal and Deregulation Department.

Telephone & Postage: The cost of business postage and telephone usage.

Telex/Fax: The cost of facsimile and telex usage of the Department.

Consumables: The cost of paper and other necessary office supplies.

3. Program Activities

ACHIB's experience in the past has shown that urgent applications to the Supreme Court are often necessary to save confiscated goods and to stop massive hawker raids. The appointment of Counsel in such cases is then required. Furthermore, because of ACHIB's regional structure, it is also necessary at times to instruct attorneys in other cities.

Also, under the Agreement, a number of test cases are anticipated to be litigated by ACHIB. In such instances, both specialised research and/or the services of Counsel or other external expertise may well be required.

In order for ACHIB to render these services, the following costs will be covered, within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Agreement Attachment One:

Legal Fees: The reasonable cost of additional external legal expertise, as required for research and representation. When ACHIB utilises such services, it shall submit a summary (c/1/page) report to USAID discussing the underlying action, the legal expertise required, and, as applicable, the disposition of the matter as well as any anticipated follow-up measures to be taken.

Air Travel: The reasonable air travel costs of the head of the Department to attend to regional cases.

Car Travel: The reasonable car rental cost to attend to regional cases.

Car Allowance: The reasonable cost of local business transportation for the head of Department as well as the legal assistants.

Accommodation: The reasonable cost of accommodation when attending to regional cases.

Legal Research: The reasonable cost of developing an appropriate legal library for the primary benefit and use of the head of the Department. ACHIB will provide USAID with a complete list of documents, books, and publications acquired as such materials are purchased (and prior to claiming reimbursement for same).

All travel expenses, whether local or regional, will be reimbursed in accordance with ACHIB's reasonable travel policies and procedures, copies of which will be made available for USAID review upon the signing of this Agreement. Where ACHIB claims reimbursement for travel, USAID will concurrently be provided with a summary (c/ one or two sentence) description of the Agreement-related purpose of such travel.

4. Office Equipment

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Agreement Attachment one, funds will be provided for necessary office furniture and equipment for the Legal and Deregulation Department of ACHIB. ACHIB presently possesses certain office equipment for the use of the legal assistants, but will require, inter alia, an additional desk set, telephone, and personal computer to accommodate the qualified lawyer's requirements. All procurement of office furniture and equipment must be consistent with the provisions of Agreement Attachment 1, Section XII-B.(2).

Attachment 4

Request for Advance in Rand
Projected Quarterly Expenditure for Year 1

<u>Category</u>	<u>1st Quar.</u>	<u>2nd Quar.</u>	<u>3rd Quar.</u>	<u>4th Quar.</u>	<u>Total</u>
1. Sal. & Benefits	R 51822	R 51822	R 51822	R 51824	R207290
2. Office Admin.	3300	3300	3300	3300	13200
3. Prog. Activ.	11450	11450	11450	11450	45800
4. Office Equip.	10476	---	---	---	10476
TOTAL:	R 77048	R 66572	R 66572	R 66574	R276766

Total Advance Request - R77048.