

POBB 2356

Embassy of the United States of America

January 31, 1990

Office of Development Affairs

Rev. H.M. Dandala
Administrative Trustee
Zikhuliseni Community Programmes
P.O. Box 32610
Braamfontein
2017

Subject: Zikhuliseni Community Programmes
Agreement No: 674-0301-G-SS-0008-00

Dear Rev. Dandala,

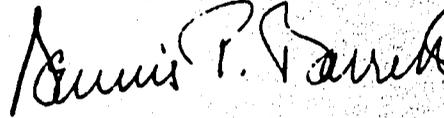
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter "USAID") hereby enters into this Agreement with Zikhuliseni Community Programmes (hereinafter "Zikhuliseni" or "the Recipient") and obligates the sum of \$75,000 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 on the date of this letter and ending December 31, 1992.

This Agreement is entered into with Zikhuliseni 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 Attachment 3, "Standard Provisions." This letter and the three attachments just described, which have been agreed to by your organization, constitute the Agreement.

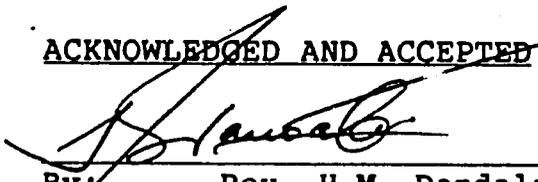
Please sign the original and one (1) copy of this letter and then return the original to USAID/Pretoria.

Sincerely,



Dennis P. Barrett
Counselor for Development Affairs

ACKNOWLEDGED AND ACCEPTED



By: Rev. H.M. Dandala

Title: Administrative Trustee

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Ninety Day Advance (as applicable)
5. Optional Provisions (as applicable)
6. AID Geographic Code 941 List

ATTACHMENT NO. 1

SCHEDULE

I. OVERVIEW OF AGREEMENT

A. Purpose of Agreement

This Agreement provides funds to Zikhuliseni Community Programmes to help it continue its research and consultations on burial societies and to provide assistance to other financially viable community projects. The program is more fully described in Attachment 2, Program Description.

II. PERIOD OF AGREEMENT

The effective date of this Agreement is the date the cover letter is signed by an authorized USAID representative. The expiration date is December 31, 1992, meaning that no USAID funds under this Agreement shall be applicable to goods not furnished or services not performed for the program by this date.

III. AGREEMENT FUNDING AND PAYMENT

USAID hereby obligates the sum of \$75,000 for purposes of the Agreement.

IV. FINANCIAL MANAGEMENT

A. Zikhuliseni Community Programmes shall be responsible for accounting for all funds provided under this Agreement. Zikhuliseni shall open a separate bank account to be used solely for funds provided under this Agreement. Reimbursement for eligible expenses incurred shall be in the form of a monthly submission of expenditures substantiated by invoices marked paid, cancelled checks, signed payroll sheets, and other 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 Zikhuliseni'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 the Agreement. Any interest earned from funds provided under this Agreement will be returned to USAID.

B. Disbursement Procedures

1. Local currency disbursements from USAID to Zikhuliseni 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 for each budget line-item and a grand total; and (b) copies of paid invoices (not proforma 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, a payroll sheet signed by the employee.

2. Advances It is recognized that an advance of funds is required, as working capital, to carry-out the purposes of this Agreement. Refer to Section IV., A. and Attachment 4 which requests such an advance.

(a) As discussed in paragraph 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 B.1, 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, any 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.

V.

FINANCIAL PLAN

A. The Binding Financial Plan for this Agreement is set forth in Table I below. 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 must receive prior USAID approval.

Table 1
Financial Plan
US\$

<u>ITEM</u>	<u>BUDGET</u>
Burial Society Component	45,000
Botshabelo Project	21,000
Continuing Research	3,000
Educational Travel	<u>6,000</u>
 Total	 75,000

B. Level of Assistance

The budget line items provided in Table 1 have been calculated by taking the amounts required by Zikhuliseni in South African Rands and then converting these to U.S. Dollars at an exchange rate of R2.70/US\$1. 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 Zikhuliseni, and thus allow other items to be financed as well. In such an event, Zikhuliseni will consult with USAID on the priority use of these funds, and arrangements may 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, Zikhuliseni must finance the shortfall since the U.S. Dollar amount prevails.

VI. REPORTING

Zikhuliseni will submit a semi-annual progress report in a format to be defined at a later date. Zikhuliseni will also submit a report at the end of the first year. This report will document progress made on the research and consultations regarding the burial societies and the other community projects being investigated or supported by Zikhuliseni. The report will also present a plan of action and budget for year two of the Agreement based on the work undertaken in the first year.

VII. OVERHEAD RATE

Not Applicable.

VIII. TITLE OF 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".

IX. AUTHORIZED GEOGRAPHIC CODE

The authorized geographic code for all procurement with AID funds under the Agreement is the United States, the Republic of South Africa and countries included in AID Geographic Code 941, 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, the Republic of South Africa or in countries included in AID Geographic Code 941.

X. LOCAL COST FINANCING

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

XI. SPECIAL PROVISIONS

A. CONDITIONS PRECEDENT TO DISBURSEMENT.

1. Review of Accounting Systems. Prior to the disbursement of funds or to the issuance of any commitment documents under the Agreement, the Recipient shall provide in form and substance satisfactory to USAID, evidence that proper financial management systems for accounting and record keeping exist with respect to funds provided under this Agreement. If requested by USAID, the Recipient agrees to allow USAID to conduct a financial review to confirm that proper financial management systems exist.

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 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, "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.

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

3. Zikhuliseni agrees that all staff recruitment for positions funded by USAID will be carried out through an appropriate competitive process and that salary levels will be in accordance with community and professional standards.

4. Self-Sufficiency. Zikhuliseni agrees to exercise its best efforts to identify other donors for its programs. It is the understanding of the parties that AID funding is limited in its duration and amount.

5. Travel and Per diem. Zikhuliseni will provide for USAID approval a copy of its travel and per diem policy covering both domestic and international travel for its staff and for program participants. In the event Zikhuliseni does not establish a policy, U.S. Government regulations governing travel and per diem will be applied.

6. Religious Activities. The grantee agrees that funds provided under this Agreement will not be utilized for any activities of directly or indirectly religious nature. Further, programs funded under this Agreement will be made available to individuals regardless of their individual denominational affiliation.

XII. STANDARD PROVISIONS

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

ATTACHMENT NO. 2

PROGRAM DESCRIPTION

I. SUMMARY

This Agreement provides funds to Zikhuliseni Community Programmes to enable it to continue its research, consultation and training with burial societies and to provide assistance and facilitate the emergence of other financially viable community projects. Specific activities to be funded are more fully described in Section V., Program Description.

II. BACKGROUND

Zikhuliseni Community Programmes, an umbrella body for community projects, was established by the Conference of the Methodist Church of Southern Africa in October 1987 for the purpose of serving communities irrespective of denominational affiliation. Zikhuliseni aims to assist communities define and act upon their own developmental priorities by undertaking community-based projects.

Such assistance takes the form of encouraging and equipping communities to undertake self-help or cooperative ventures and providing technical assistance in the areas of skills training, financial management, marketing, and project management. Zikhuliseni's emphasis is on helping communities undertake activities that are financially self-sustaining, that reduce dependence on donor assistance, and that combat, through economic empowerment, the dependence mentality engendered by apartheid.

During 1988/89, Zikhuliseni undertook a pilot research and assistance program financed by USAID under a PD&S planning grant. Zikhuliseni successfully completed the planning grant and documented its research in a comprehensive series of reports. These reports on the economic potential of burial societies and an agricultural development scheme in the Orange Free State form the basis of activities to be undertaken under this Agreement.

III. PROBLEM

Apartheid, through a number of laws and regulation, has controlled where people can live and the jobs to which they can aspire. This has turned South Africa's black-designated areas into enclaves of poverty dependent on the government for social services that are consistently inadequate. It has also caused many blacks to develop a sense of helplessness and a feeling that they cannot control their own lives.

In an effort to empower themselves and combat the social ramifications of apartheid, many communities have initiated grassroots projects that provide a vehicle for community action. The problems with such projects can be characterized as threefold. First, they often lack technical expertise and management skills to realize their full potential. Second, they generally lack start up funds. Third, they are usually not conceived on a financially viable basis and do not, in the long run, significantly reduce community dependence on external assistance. Communities are often unable to overcome these problems, and thus their initiatives fail. Oftentimes they are instigated without sufficient analysis being undertaken to fully assess the extent of the problem or devise feasible solutions.

IV. PURPOSE

The purpose of this Agreement is to provide funds to Zikhuliseni to enable it to continue to carry out research, consultations and training to further develop the concept of utilizing the economic power of the burial societies for more immediate community development needs. Funding is also provided for Zikhuliseni to continue identifying and providing assistance to viable community-based projects in the Orange Free State, Natal and the Cape Province. Limited educational travel is also financed under the Agreement.

V. PROGRAM DESCRIPTION.

This Agreement provides Zikhuliseni funding over a two year period for it to conduct educational workshops to develop strategies for utilizing the economic power of burial societies in constructive community development activities. Funding is also provided to assist community development projects in Botshabelo and a feasibility study of potential projects in Natal and the Cape. Funds are also provided to allow Zikhuliseni staff or program participants to travel to neighboring African countries to study similar projects.

A. Burial Societies Component

Under the planning grant, Zikhuliseni undertook extensive research on burial societies. The underlying concept was that burial societies contain enormous economic resources, which if effectively mobilized, could be used to support a variety of community development activities. Zikhuliseni interviewed members

of burial societies throughout the PWV area. The interview results demonstrated that burial societies can provide an important channel for involvement in the community, offer a measure of economic security to members, and contain vast untapped resources for economic and community development.

Now that the initial research has been completed, Zikhuliseni proposes to continue developing the potential of burial societies through a three-phase plan of action. The first phase is to develop a working relationship with as many burial societies as possible. This would involve establishing a comprehensive listing of societies throughout South Africa. The second phase is to conduct a needs assessment of the societies. This would be accomplished through a series of workshops or seminars with the societies. One result of the workshop would be to identify strategies burial societies can use to address the needs of their members and wider communities. The third phase involves training burial society officers and members to help overcome ignorance of basic economic principles, to explore strategies of economic and community development and to share experiences and resources.

Funding under this component of the Agreement is provided for program administration (pro rata cost of a project director, secretarial support, travel and office expenses), workshop and seminar costs (venue rental, catering, materials, speaker's fees) and for publication costs. Agreement funds may not be used for liquor or attendance of workshops by spouses or other family members of the principal participant.

B. Botshabelo Agricultural Project

Under the planning grant, research was also conducted on the feasibility of establishing different types of community projects in Botshabelo in the Orange Free State. Botshabelo is a particularly depressed area where numerous families have been forceably resettled. The research, conducted through individual and group interviews and through consultation with other research and community organizations, examined the region's population composition, work opportunities, transport, health and education facilities, and areas of interest for self-help project.

The need for agricultural self-sufficiency from both an economic and nutritional standpoint was viewed as the most pressing need by the community. As a result of

this finding, Zikhuliseni is introducing a unique agricultural concept known as the vertical garden in Botshabelo. Once the concept is fully tested and developed, the gardens will be a source of food for the local community and provide employment opportunities for people who sell the vertical garden "kits" and later market surplus produce.

Agreement funds are provided for a field worker located in Botshabelo, initial costs of providing 1000 vertical gardens to Botshabelo residents on a subsidized basis, for community workshops, and for a pro-rata share of administrative expenses.

C. Continuing Research.

ZCP will undertake research on self-help development schemes in Natal and the Cape. The main focus of this activity will be the detailed study of the financial situation of burial societies, the attitudes of the formal sector to them and the potential relationships between them. Funds under this component will support project facilitation by part-time field workers, report production and pro-rata administrative expenses.

D. Educational Travel

To allow Zikhuliseni to benefit from experience with similar projects gained in neighboring African countries, this Agreement provides funds up to the amount specified in Table 1 for educational travel. The funding level is based on one trip of two weeks duration to two neighboring African countries for three people. Zikhuliseni will provide for USAID approval a copy of its travel and per diem policy to cover international travel. Should the grantee not establish such a policy, the prevailing U.S. Government rates will apply.

VI. Illustrative Financial Plan

The binding Financial Plan for this Agreement is found in Attachment 1, Schedule. Table 2 below gives an illustrative breakdown and further details of costs by budget line item in South African Rand.

Table 2
Illustrative Financial Plan
(SAR)

<u>Item</u>	<u>Budget</u>
1. <u>Burial Society Component</u>	
Administration (60%) ^{1/}	57,300
Workshops/Seminars ^{2/}	44,400
Publications	<u>20,000</u>
Subtotal	121,700
2. <u>Botshabelo Agricultural Project</u>	
Administration (10%) ^{1/}	9,500
Field worker (part-time)	6,000
Workshops ^{2/}	8,000
Vertical Gardens	<u>32,000</u>
Subtotal	55,500
3. <u>Continuing Research</u>	
Administration (5%) ^{1/}	4,800
Fieldworker	2,500
Printing	<u>1,000</u>
Subtotal	8,300
4. <u>Educational Travel</u>	
To African countries ^{3/}	<u>17,000</u>
Subtotal	17,000
Grand Total	202,500

Footnotes

- 1/ Covers full-time salaries for a Program Director and secretary, travel and office expenses (office rental, telephone, insurance, audit fees). Costs have been prorated over program areas.
- 2/ Covers venue, catering, speaker's fees, materials, printing.
- 3/ Includes R1,200 for RT airfare x 3; R270 per diem for 16 days x 3 people; R500 for local transport.

Please note: This Agreement does not provide funding for vehicles, computer equipment, liquor or workshop attendance by persons other than the principal participant.

ATTACHMENT NO.4

90 day advance budget.
SAR

<u>Item</u>	<u>1st Q</u>	<u>2nd Q</u>	<u>3rd Q</u>	<u>4th Q</u>	<u>Total</u>
Burial Societies	30,425	30,425	30,425	30,425	121,700
Botshabelo	13,875	13,875	13,875	13,875	55,500
Continuing Research	2,075	2,075	2,075	2,075	8,300
Educational Travel	4,250	4,250	4,250	4,250	17,000
Total	50,625	50,625	50,625	50,625	202,500

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