



Embassy of the United States of America

USAID/South Africa
June 18, 1991

JDBBY/995

Mr. Clive Richardson
S.A. Director
U.S./S.A. Leader Exchange Program
P.O. Box 32869
BRAAMFONTEIN
2017

Subject: U.S./S.A. Leader Exchange Program (USSALEP)
Entrepreneur Exchange Program (EEP)
Agreement No: 674-0303-G-SS-9062-01
Amendment No: 1

Dear Mr. Richardson,

The purpose of this letter is to amend the subject Agreement to: 1) add funds in the amount of \$875,978; and 2) extend the Agreement expiration date to December 31, 1993.

Accordingly, the subject Agreement dated September 29, 1989 is hereby amended as follows:

I. The first and the second paragraphs of the cover letter are deleted in their entirety and the following is substituted in lieu thereof:

"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 U.S./S.A. Leader Exchange Program (hereinafter "USSALEP" or the "Recipient"), and obligates the sum of \$1,145,737 to provide support for a program described in Attachment No. 2, entitled "Program Description", of this Agreement.

This Agreement is effective and obligation is made as of September 29, 1989. The Agreement and obligation shall apply to commitments made by USSALEP in furtherance of program objectives during the period beginning on September 29, 1989 and ending on December 31, 1993."

II. ATTACHMENT NO. 1, SCHEDULE is deleted in its entirety and is replaced by ATTACHMENT NO. 1, SCHEDULE attached hereto.

III. Table 1, ILLUSTRATIVE AGREEMENT BUDGET (RANDS) and Table 2, ILLUSTRATIVE AGREEMENT BUDGET (US \$) of Annexure A to Attachment 1 are deleted in their entirety and tables with the following titles, which are attached hereto, are substituted:

Annexure A to Attachment No. 1
Table 1 - Illustrative Agreement Budget (Rands)

Annexure A to Attachment No. 1
Table 2 - Illustrative Agreement Budget (US Dollars)

- IV. ILLUSTRATIVE AGREEMENT BUDGET (RANDS), NOTES AND ASSUMPTIONS is deleted in its entirety and three pages by the same title, which are attached hereto, are substituted.
- V. Annexure B, which is attached hereto, is added.
- VI. ATTACHMENT TWO, PROGRAM DESCRIPTION is deleted in its entirety and replaced by ATTACHMENT NO. 2, PROGRAM DESCRIPTION attached hereto.

Except as herein amended, the Agreement dated September 29, 1989 remains in full force and effect.

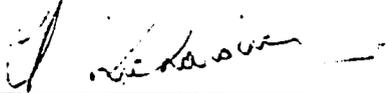
Please sign the original and one copy of this letter and then return the original to USAID/South Africa.

Sincerely,



Dennis P. Barrett
Director

ACKNOWLEDGED AND ACCEPTED



Mr. Clive Richardson
Title: S.A. Director

Attachments:

1. Attachment No. 1, Schedule
2. Table 1 - Illustrative Agreement Budget (Rands)
3. Table 2 - Illustrative Agreement Budget (US Dollars)
4. Notes & Assumptions
5. Annexure B
6. Attachment No. 2, Program Description

FISCAL DATA:

Agreement No: 674-0303-G-SS-9062-0

Appropriation: 72-111/21014

BPC: GSS1-91-21674-KG13

Reservation Control No: B910188

Amount: \$875,978

61791

Drafted: \$Wade

Cleared: *[Signature]* NHimelfarb, PDO
MAddleton, PROG/FM (draft)
DKeene, RLA (Draft)
MVan Doren, CONT *[Signature]*
JWeber, AD *[Signature]*

FISCAL DATA:

Agreement No: 674-0303-G-SS-9062-00

Appropriation:

BPC:

Reservation Control No:

Amount: ^{025 976}\$895,470

Drafted: SWade

Cleared: DHimelfarb, PDO

J Addleton, PROG *FM (cont)*

DKeene, RLA *PK*

MVan Doren, CONT

JWeber, AD

ATTACHMENT NO. 1
SCHEDULE

I. OVERVIEW OF AGREEMENT

A. Purpose of Agreement

This agreement will support a major effort by the U.S./S.A. Leader Exchange Program to enable black South African entrepreneurs to leverage U.S.-sourced business knowledge into competitive advantages in South Africa's mainstream economy. A more detailed description of the Agreement program is contained in Attachment 2 of this Agreement, entitled "Program Description".

II. PERIOD OF AGREEMENT

The effective date of this Agreement is September 29, 1989. Unless otherwise agreed to by USAID in writing, the expiration date is December 31, 1993, 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

For purposes of this Agreement, on September 29, 1989, A.I.D. obligated the amount of US \$269,759 as the first increment of grant funding. A.I.D. hereby obligates the second and final increment of grant funding amounting to US \$875,978. This brings the total amount obligated under the Agreement to US \$1,145,737.

IV. FINANCIAL MANAGEMENT

A. The Recipient shall be responsible for accounting for, and shall open a separate interest-bearing bank account to be used solely for, all funds provided under this Agreement. The Recipient shall deposit all USAID funds, including cash advances, into this separate account and shall make all disbursements for goods and services financed under this Agreement from this account. Execution of this Agreement constitutes USAID approval of the initial advance amount. All cash advances shall be liquidated on a quarterly basis.

B. Any interest exceeding the rand equivalent of US \$100 per annum earned from funds provided under this Agreement must be returned to USAID not less often than quarterly. Up to the rand equivalent of US \$100 in interest earnings per annum may be retained by the Recipient to cover administrative costs such as bank charges on

the separate interest bearing account.

C. Each month after the initial advance, the Recipient will submit to the USAID Controller's office a voucher for reimbursement based on expenses incurred during the previous month. The voucher will consist of two parts:

1. **Disbursement Report:** A detailed report of disbursements by budget line item. Each report 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 for the current reporting period;
 - (b) the cumulative amount of rands received under the Agreement by budget line item; and
 - (c) 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 canceled check, a payroll sheet signed by the employee.
2. **Cash Advance Status Report** in the format illustrated in Annexure B to this Schedule.

V. FINANCIAL PLAN

A. Illustrative Financial Plan

The Illustrative 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." The Recipient is authorized a 15% deviation between line items, provided USAID is notified in writing of such budget changes in the Recipient's following Disbursement Report. However, any deviation above this amount, or any increase in the total Grant, must be approved in advance in writing by the Director, USAID/South Africa.

B. Level of Assistance

The total rand amount in the Illustrative Financial Plan (Annexure A, Tables 1 and 2) is the maximum rand amount available under this Agreement. The conversion rate from U.S. dollars will be the prevailing rate at the time of conversion as determined by the Controller, USAID/South Africa. To determine the U.S. dollar amount of the Agreement, an exchange rate of R 2.65 to one (1) U.S. dollar was used. Notwithstanding the above, in no event will

the total level exceed the obligated dollar amount.

Due to exchange rate fluctuations, South African rands available under any individual line item financed under this Agreement may exceed levels budgeted for by the Recipient. If the Recipient desires to use such excess rands to finance additional eligible program expenses, it may submit in writing to USAID its proposed priority uses of such funds. If USAID is in agreement with the Recipient's proposal, the Agreement will be modified to provide for the authorized expenditures. USAID reserves the right to deobligate any dollars in excess of those needed to fund the rand Budget. However, should changes in the exchange rate result in fewer South African rands being available than budgeted for, the Recipient will be responsible for financing the shortfall since the U.S. dollar amount prevails.

VI. REPORTING & EVALUATION

A. Reporting

1. Quarterly reports

Beginning at Agreement month 3, USSALEP shall submit quarterly reports to USAID containing, inter alia, the following:

- a. A summary of Agreement program activities over the previous three months.
- b. A summary of Agreement program activities planned for the next three months.
- c. A summary of problems encountered in implementing Agreement program activities.
- d. A summary of the following statistical information, aggregated by sex and by region, for both the past quarter and cumulative for the project to date:
 - i. the total number of applications to the program received broken down by the economic sector of the project proposed; and
 - ii. a list of people accepted for the program with brief descriptions of their projects.
- e. A summary of all reports for the period or documents prepared with the aid of technical assistance financed under the Agreement or otherwise required by the Agreement to be submitted to USAID, including, inter alia:
 - i. copies of the Subcontractor evaluations on the U.S.

- experience of each of the entrepreneurs sent on the program; and
- ii. copies of the evaluation on the entrepreneur's progress toward launching his/her business idea to be conducted by the Subcontractor approximately one year after the entrepreneur's return from the U.S.
- f. Any other Agreement-related information reasonably requested by USAID.

2. Selection Committee Meeting Minutes

USSALEP will maintain minutes of every Selection Committee meeting which will include, inter alia, the details of each candidate selected together with the selection rationale, and USSALEP will timeously provide a copy of the minutes of each meeting to USAID.

3. Final Report

Within two months of the conclusion of the Agreement, USSALEP 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 may specify.

B. Evaluation

After approximately ten entrepreneurs funded under this Agreement have completed their U.S. exchange programs and had a reasonable opportunity to implement their enhanced business ideas, USAID and USSALEP will jointly review Agreement progress to date and the continuing of the Agreement methodology. Such review will be a major early benchmark for measuring the Agreements effectiveness in attaining its objectives and outputs; based upon these joint deliberations, necessary reprogramming options or any other appropriate remedial actions, as necessary, will be considered.

Approximately three years from the signing of this Agreement an expert on enterprise development will conduct a comprehensive, independent evaluation of the program's success in attaining Agreement objectives. Central to the evaluation will be an attempt to measure the tangible benefits to the entrepreneurs in getting new/expanded businesses underway and in sustaining them. The consultant shall be selected by USAID in consultation with USSALEP, and shall adhere to a specific scope of work prepared by the former. This evaluation shall play an important role in determining the future evolution of A.I.D.-supported USSALEP activities.

The evaluation consultant will be responsible for reporting to both USSALEP and USAID. The consultant's advice may include suggestions concerning the possible redesign of Agreement program elements if necessary.

Funds are budgeted into the Agreement to cover the costs of the evaluation. Simultaneous with the evaluation, or at any other time, USAID may engage the services of an accounting firm to perform an audit of USSALEP's utilization of Agreement funds to date. USSALEP agrees to cooperate fully with any such audit.

VII. OVERHEAD RATE

The evaluation of USSALEP performed by J.E. Austin Associates in March, 1991 recommended that provision be made to reimburse a portion of the expenses of USSALEP's South African and U.S. offices which are not directly covered under the Agreement. Funds are contained in the Agreement to cover these costs on the basis of \$1,000 and R4,290 per exchange candidate, respectively, for USSALEP/US and USSALEP/SA, for the twenty exchange candidates projected for Period 2 of the Agreement Budget. For the eighteen candidates projected for Period 3, the corresponding rates are \$1,060 and R4,934, respectively.

VIII. 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 Provisions 19, entitled "Title to and Use of Property."

IX. AUTHORIZED GEOGRAPHIC CODE

The authorized geographic code for all procurement with A.I.D. funds under the Agreement is the United States, the Republic of South Africa and countries included in A.I.D. Geographic Code 935, meaning that all goods and services financed by this Agreement shall have, with respect to goods, their source and origin and, with respect to the suppliers of services, their nationality in the United States, the Republic of South Africa or in other countries included in A.I.D. Geographic Code 935. Please refer to Attachment 5 for a list of countries included in Code 935.

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

1. Prior to disbursement of any funds under Section II and Section III of the Agreement Budget (see Annexure A to this Attachment), USSALEP shall submit, in form and substance satisfactory to USAID, evidence that it has:
 - a. Hired the Project Coordinator and modified the USSALEP office space, administrative infrastructure and equipment to accommodate the project;
 - b. Appointed a Selection Committee of approximately fifteen prominent business persons and/or business academics, and secured acceptance of these appointments from the appointees;
 - c. Appointed five Regional Coordinators, one each in Johannesburg, Durban, Port Elizabeth, Cape Town and Bloemfontein, and secured acceptance of these appointments from the appointees;
 - d. Developed adequate written Selection Criteria for approving participation in the program; and
 - e. Developed adequate strategies for promotion of the program nationwide.
2. Prior to disbursement of any funds under Section II and Section III of the Agreement Budget (see Annexure A to this Attachment), USSALEP shall submit, in form and substance satisfactory to USAID:
 - a. An adequate Scope of Work for the activities of the Subcontractor to be selected to provide technical assistance services to the project;
 - b. A succinct memorandum to USAID containing the identity of at least two other potential contractors considered, but not selected, to provide follow-up services under the project, and containing the identity of the contractor selected, the competitive process by which such selection emerged, and the rationale for selection; and
 - c. An adequate draft contract to govern the performance of the Subcontractor selected to provide follow-up services to the project, prior to signing of the contract.

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 offshore 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 of 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.

2. Competition. Except as otherwise provided in this Section XI., all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, free and open competition.

For the technical assistance specified under Section III of the Budget for the subcontract for the provision of technical assistance services, USSALEP shall submit a succinct memorandum to USAID containing those elements specified in Section XI.A.2.b. of this Attachment, above.

USSALEP further agrees to provide three written quotes for any procurement of goods exceeding R5000 in value.

3. Staff Recruitment. The Recipient 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.

Following selection of the Coordinator, USSALEP will provide a brief memorandum to USAID indicating the competitive process and providing the selection rationale for the individual chosen. USSALEP further agrees that the terms of Section B.1., above, will apply fully to all personnel recruitment undertaken by the organization.

4. Travel and Per diem. The Recipient 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 not to exceed U.S. rates. In the event the Recipient does not establish a policy, U.S. Government regulations governing travel and per diem will be applied.

5. Political Affiliation. The Recipient agrees that programs funded under this Agreement will be made available to individuals and groups regardless of their political beliefs or affiliations. The Recipient shall not discriminate in its hiring practices or in the provision of its services against individuals or organizations who associate themselves with any particular political philosophy. The Recipient shall periodically review the level of actual provision of its services to assure that persons or organizations sympathetic to certain political groupings or philosophies are not intentionally excluded from activities financed by USAID.

6. Impartial Candidate Selection Process. USSALEP will ensure that the process of candidate selection is impartial at all times, that no member of the Selection Committee, sitting or otherwise, nor any employee of USSALEP, shall have any interest, direct or indirect, in the outcome of any decision of the Selection Committee and that all members of the Selection Committee are made aware of these requirements at the time of their appointment as well as at the convening of each Selection Committee meeting.

7. Employment Generation and Women's Participation. USSALEP 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 and the broader South African economy.

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

XII. 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 USSALEP's established infrastructure and credibility. In 1989, the South

African side of USSALEP's operating budget was estimated to be R839,000, all of it obtained from sources other than USAID. The U.S. side of USSALEP's operating budget in 1989 was estimated to be \$499,447, likewise sourced elsewhere than A.I.D. Over the period of this Agreement, it is anticipated that the net application of USSALEP funds acquired outside of this Agreement will exceed R3,000,000.

XIII. STANDARD PROVISIONS

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

ANNEXURE A TO ATTACHMENT NO. 1

Table 1 - Illustrative Agreement Budget (Rands)

	Period 1 29 Sep 89 to 31 Dec 90	Period 2 01 Jan 91 to 31 Dec 91	Period 3 01 Jan 92 to 31 Dec 92	Period 4 01 Jan 93 to 31 Dec 93	Total Project
Section I: Project Infrastructure Development Costs					
1 Salary/Benefits	81,897	85,998	108,992		276,887
2 Selection Costs	46,410	94,132	100,670		241,212
3 Office & Indirect Costs	62,342	181,559	187,654		431,555
4 Project Evaluation				53,000	53,000
Total Project Infrastructure Development Costs	190,649	361,689	397,315	53,000	1,002,653
Section II: Exchange Implementation Costs					
1 Airfares	51,752	197,600	195,930		445,282
2 Per Diem	17,075	229,596	219,035		465,706
3 HAC/Contractor Costs	627	24,840	16,361		41,828
4 Miscellaneous Costs	4,355	42,400	40,450		87,205
Total Exchange Implementation Costs	73,809	494,436	471,776	0	1,040,021
Section III: Technical Assistance Costs	57,613	502,695	395,527	37,692	993,527
Total Project Costs Per Year	322,071	1,358,820	1,264,618	90,692	3,036,202

Note: The dollar equivalent of totals in the budget sections above may be exceeded up to a maximum of 15% without prior USAID/SA approval provided that:

- a. the Total Project Cost is not exceeded; and
- b. USAID/SA is notified of such deviation between line items in the Recipient's next Disbursement Report.

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ANNEXURE A TO ATTACHMENT NO. 1

Table 2 - Illustrative Agreement Budget (US Dollars)

	29 Sep 89 to 31 Dec 90	01 Jan 91 to 31 Dec 91	01 Jan 92 to 31 Dec 92	01 Jan 93 to 31 Dec 93	Total Project
Section I: Project Infrastructure Development Costs					
1 Salary/Benefits	30,905	32,452	41,129		104,486
2 Selection Costs	17,513	35,521	37,989		91,023
3 Office & Indirect Costs	23,525	68,513	70,813		162,851
4 Project Evaluation				20,000	20,000
Total Project Infrastructure Development Costs	71,943	136,486	149,930	20,000	378,360
Section II: Exchange Implementation Costs					
1 Airfares	19,529	74,566	73,936		168,031
2 Per Diem	6,443	86,640	82,655		175,738
3 HAC/Contractor Costs	237	9,374	6,173		15,784
4 Miscellaneous Costs	1,643	16,000	15,264		32,907
Total Exchange Implementation Costs	27,852	186,580	178,028	0	392,460
Section III: Technical Assistance Costs	21,742	189,696	149,255	14,224	374,917
Total Project Costs Per Year	121,537	512,762	477,214	34,224	1,145,737

Note: The dollar equivalent of totals in the budget sections above may be exceeded up to a maximum of 15% without prior USAID/SA approval provided that:

- a. the Total Project Cost is not exceeded; and
- b. USAID/SA is notified of such deviation between line items in the Recipient's next Disbursement Report.

ILLUSTRATIVE AGREEMENT BUDGET (Rands)

Notes and Assumptions

Agreement Exchange Rate R 2.65 per U.S. Dollar.
 Period 1 is actual expenditures from 29 Sept 89 to 31 Dec 90.
 Number of Exchange Candidates

Period 2	20
Period 3	18

Budget Section I: Project Infrastructure Development Costs

1. Salaries & Benefits

	Period 1	Period 2	Period 3	Period 4
Project Coordinator	81897	66497	69565	0
Project Assistant		19501	39427	0
	81897	85998	108992	0

For Project Coordinator, above figures include base salary, R 3360 per month
 retirement annuity of 5% of base, & medical aid of 8.34% of base;
 with base increasing to 3696 in Oct '91. Thirteenth check is also paid.
 Housing allowance of R 600 /month & 700 /month also apply.
 A sum of R 360 accrues from period 1 to period 2.

For Project Assistant, above figures include base salary, R 2500 per month
 retirement annuity of 5% of base, & medical aid of 8.34% of base;
 employment from 1 July 1991 and inflating in 1 year by 15%. Also, 13th check.

2. Selection Costs

	Period 1	Period 2	Period 3	Period 4
(see Page 3 of Notes & Assumptions)				
a. Regional Coordination	14882	36904	42440	0
b. Selection	11708	48928	48270	0
c. General Promotion	19820			
Brochures		3200	3840	0
Advertising		4248	5098	0
Press Briefs		500	600	0
Business Cards		352	422	0
Total Selection Costs	46410	94132	100670	0

3. Office, Other Direct & Indirect Costs

	Period 1	Period 2	Period 3	Period 4
a. Office Rent	5409	7310	10530	0
b. Other Direct Costs*	33656	35449	37759	0
*includes Project Coordinator trlp to U.S.A.				
c. USSALEP Indirect Costs				
Rates per candidate:				
Period 2				
Period 3				
RSA R 4,290	4,934	0	85800	88803
US \$1,000	\$1,060	0	53000	50562
Total Office, Other Direct & Indirect Cost	39065	181559	187654	0

d. Equipment & Furniture

Period 1 actuals = R 23,277 .
 No expenditures are anticipated in periods 2, 3 & 4.

4. Project Evaluation as per original estimate of \$20,000 at project end.

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ILLUSTRATIVE AGREEMENT BUDGET (Rands)

Notes and Assumptions

Page 2

Budget Section II: Exchange Implementation Costs

		To USA	in USA	Period 1	Period 2	Period 3	Period 4
1. Airfares	No.	Rand	\$'s				
Period 2	20	6700	1200	51752	197600		
Period 3	18	7705	1200			195930	0
2. Per Diem		\$ P.D.	R P.D.				
Period 2	20	4332	11479.8	17075	229596		
Period 3	18	4592	12169			219035	0
3. HAC/Contractor Costs		\$	Rand				
Period 2*	20	343	909	627	24840		
Period 3	18	343	909			16361	0
* Period 1 accruals of R6661 are added to Period 2.							
4. Miscellaneous Costs		\$					
Period 2	20	800	2120	4355	42400		
Period 3	18	848	2247			40450	0
Total Exchange Implementation Costs				73809	494436	471775	0

Budget Section III: Technical Assistance Costs

	Direct	Indirect		Total	Period 2	Period 3	Period 4
	Unit	Cost	Indirect	Unit	20	18	
	Cost	% 'age	Cost	Cost	Exchanges	Exchanges	Follow-up
Pre-screening	53	1480	5%	74	1554	43348	39014
Business Plan	42	7400	20%	1480	8880	196295	176665
U.S. Visit	38	2405	20%	481	2886	57720	51948
De-briefing	38	2775	20%	555	3330	66600	59940
Monthly verbal meetings				66.67	2000	3000	3000
Half-Yearly Progress Meetings (see a. below)				21.23	637	1040	573
Half-Yearly Progress Reports (see b. below)				1263.68	37910	61920	34119
Marketing Liaison & Support					2000	2000	
					-----	-----	-----
					406510	395527	37692
Period 1 Accruals in Period 2					96185		
					-----	-----	-----

a. Period 1 Accruals in Period 2: According to the subcontractor, R96,185 is attributable to work in Period 1 but will not be paid until Period 2, hence this figure is added to the above calculation for new candidates in Period 2.

Period 1 actuals were R 57613.

b. In 1991, 30 meetings; in '92, 49; in '93, 27.

c. In 1991, 30 meetings; in '92, 49; in '93, 27.

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SCHEDULE
ANNEXURE B

USAID CASH ADVANCE STATUS REPORT

A. Period covered by this report:

From (Month, day, year) _____

To (Month, day, year) _____

Period covered by next report:

From (Month, day, year) _____

To (Month, day, year) _____

B. Cash Advance and Needs:

- | | |
|--|---------|
| 1. Cash advance on hand at beginning of this reporting period | R _____ |
| 2. USAID advances received during this reporting period | R _____ |
| 3. Interest earned on cash advance during this reporting period | R _____ |
| 4. GROSS cash advance available this reporting period (lines 1+2+3) | R _____ |
| 5. LESS, interest remitted to USAID during this reporting period | R _____ |
| 6. NET cash advance available during this reporting period | R _____ |
| 7. Total disbursements during this reporting period | R _____ |
| 8. Amount of cash advances available at the end of this reporting period (line 6 less line 7) | R _____ |
| 9. Projected disbursements for the next reporting period | R _____ |
| 10. Additional cash advance requested for the next reporting period (line 9 minus line 8) | R _____ |
| 11. Total interest earned on cash advance from the start of the grant to the end of this reporting period, but not remitted to USAID | R _____ |
| 12. Total cash advances to subgrantees, if any, as of the end of this reporting period | R _____ |

C. The undersigned hereby certifies: (1) that the amount in the paragraph B.9 above represents the best estimate of the funds needed for the disbursements to be incurred over the period described, (2) that appropriate refund or credit to the Agreement will be made in the event of a disallowance in accordance with the terms of the Agreement, (3) that appropriate refund or credit to the Agreement will be made in the event funds are not expended, and that any interest accrued on the funds made available herein will be refunded to USAID.

Date: _____

By: _____
Title: _____

Attachments:

1. Disbursement Report

ATTACHMENT NO. 2
PROGRAM DESCRIPTION

I. SUMMARY

This Agreement will support a major initiative, the Entrepreneur Exchange Program (EEP), by the U.S./S.A. Leader Exchange Program (USSALEP).

The grant will enable USSALEP to effectively and efficiently provide 48 outstanding black South African entrepreneurs with the opportunity to leverage U.S.-sourced business knowledge into competitive advantages in South Africa's primary economy. Pursuant to the project, USSALEP will identify outstanding black businesspersons with promising, concrete commercial ideas which are dependent in some way on the acquisition of knowledge from American business. It will then provide those entrepreneurs with the resources to visit the sources of this knowledge in the U.S. to access the required know-how, and to discuss their ideas and their strategies for implementation in South Africa. The project will also make business support services available to the entrepreneurs on their return to assist them in launching new or expanded businesses based on the knowledge acquired in the U.S.

The Agreement program will be incrementally funded, up to a fifty-one month total of \$1,145,737. The initial obligation will be \$269,759, with one subsequent obligation of \$875,978.

In supporting USSALEP's implementation of the Entrepreneur Exchange Program (EEP), USAID will fund the operational costs of USSALEP related to the program for a period of fifty-one months. Specifically, USAID will fund the following inputs:

1. PROJECT INFRASTRUCTURE DEVELOPMENT

Salaries, benefits, and allowances; travel, per diem, car hire, and kilometerage; office rental and operating expenses; furniture, equipment; and the cost of regional coordination, selection and program promotion, evaluation and other direct project-related costs.

2. EXCHANGE IMPLEMENTATION

Travel, per diem, health and accident insurance, technical assistance and other direct project-related costs.

3. TECHNICAL ASSISTANCE SERVICES

Technical assistance for screening potential

participants and for specialized services following the participant's U.S. exchange trip.

The most appealing features of the EEP concept are its commercial orientation, its focus on exceptional entrepreneurs, its objective of evolving black businesses to levels of significant size, and its leveraging of U.S. business resources in support of black business development in South Africa. The project represents an opportunity to fund an initiative aimed at providing black entrepreneurs with the resources for entry at a significant level into the mainstream of the South African economy, where blacks have virtually no representation currently. The EEP is an opportunity to address the needs of those black entrepreneurs capable of building intermediate and large scale enterprises, and, if successful, could have far ranging implications.

II. BACKGROUND

A. Black Private Enterprise Development Project

In September, 1987, USAID/South Africa launched the Black Private Enterprise Development Project. The 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.

These kind of perceptions about "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 that private enterprise can offer increased 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.

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. U.S./S.A. Leader Exchange Program, Inc.

1. Corporate Status

The U.S./S.A. Leader Exchange Program (USSALEP) was established in 1958, with operations in both the U.S. and South Africa. In South Africa, USSALEP is incorporated as a non-profit organization under Section 21A of the South African Companies Act of 1973.

USSALEP is a nonracial association of concerned South Africans and Americans and consists primarily of:

- a Council, limited by its constitution to no more than thirty members each in South Africa and the United States, meeting quarterly in the respective countries, but functioning as one body. The officers of the council include a chairman, who shall be South African, two vice-chairmen and two executive directors in the respective countries.
- offices with supporting staff in Johannesburg and Washington.

2. Purposes and Objectives

The principal objective of USSALEP is the promotion of a just society in South Africa through peaceful means, brought about by the transformation of human relationships and the fostering of human dignity. To

this end, USSALEP seeks to:

- establish and promote authentic communication and interaction at the leadership level and keep open all lines of communication;
- promote assistance in the development of leadership in all sectors;
- promote understanding between all persons and groups and break down the stereotypes of group divisions;
- make possible the sharing of, and learning from, experiences gained; and
- act as a catalyst for actions and projects pursuant to the above ideas.

3. Coverage and size of the Organization

USSALEP is controlled by its nonracial Council. The Council takes an active role in the formulation of USSALEP policies, in the promotion of the organization and in the oversight of its operations. The operational activities of the organization are administered by its executive directors.

Since inception, USSALEP has been dedicated to the building of black human infrastructures in South Africa and has pioneered programs aimed at providing black leaders exposure which they have been deprived of. Its current programs are concentrated in the following areas:

- Lawyers Training Programs
- Organizational Support, Liaison & Technical Assistance
- Professional Training Programs
- Leadership Exchanges
- Journalism Training Programs

USSALEP's 1988 Annual Report indicates assets of \$312,318 and total operating expenditures, including projects, of \$658,627 for that year.

4. Rationale for Involvement with EEP

USSALEP has since 1958 been dedicated to building black human infrastructures in South Africa. Heretofore, USSALEP has not explicitly focused on business or entrepreneur development, and the Entrepreneur Exchange Program will diversify USSALEP's activities into this very important area. The objectives of the EEP are entirely consistent with the objectives and traditional operations of USSALEP.

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 (and an increasingly important share of its purchasing power), the black sector is grossly under-represented in private enterprise 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 such as:

- * lack of access to term credit, equity finance and other forms of capital;
- * lack of facilities and infrastructure in areas set aside for black business development;
- * lack of experience, skills, training and professional support mechanisms;
- * shortage of trade and general business institutions to support and promote specific business sectors; and
- * lack of access to major wealth generating resources such as land and fixed assets.

One of the worst and most odious manifestations of apartheid in South Africa has been the economic dis-empowerment of blacks. In a land of rich resources and sophistication, black economic participation has been systematically relegated to wage earnings and small scale retailing. The gap between the black and white economies is huge and must be bridged if a future post-apartheid South Africa is to truly become a single nation possessing the potential for economic and political stability and justice.

B. Specific Issues in the Black Economy

Apartheid has deprived black business persons of access to the resources and knowledge to compete effectively in the mainstream of the South African economy. Even if government policies had not restricted this access, cost, competitive fears and factors such as the oligopolistic nature of the economy and/or simply racial attitudes in the companies possessing the resources, would still constitute formidable hurdles to black access.

For a variety of reasons, black business persons often look to the U.S. as a potential means to address this problem of an effectively "closed market". However, even where they can afford the trip to the U.S. to investigate their ideas, they are not equipped with the contacts, knowledge of business practice, offices in the U.S., etc. to follow-up the contacts. As a result, they are unlikely to risk money to initiate the process. Thus, the effectiveness of their attempts at accessing U.S. resources is typically limited.

Consultations with a broad range of South Africa's "emerging" black entrepreneurs indicate the need for a bridge to help local businesspersons leverage the U.S. resources they are commonly excluded from at home. If properly structured, with functional foundations on both the U.S. and South African sides, such a bridge would provide black business with more equal opportunity to compete in the mainstream of the local economy, thus imbuing the concept of "black economic empowerment" with practical, concrete meaning.

IV. PURPOSE

The purpose of this Agreement is to enable USSALEP to provide outstanding black South African entrepreneurs with the opportunity to leverage U.S.-sourced business knowledge into competitive advantages in South Africa's mainstream economy. To implement this broad objective, USSALEP will provide a comprehensive program to send entrepreneurs to the United States, provide them with access to resources there and then provide them with additional support to maximize the utility of these resources once they return to South Africa. The establishment of successful, black-controlled business ventures of significant size, based, in part, on knowledge acquired through the project experience, is the central strategy-level output projected to emerge from the Agreement program.

V. PROGRAM DESCRIPTION

A. Basic Framework

USSALEP is seeking to expand its operations into enterprise development and, specifically, to systematically assist 48 outstanding entrepreneurs in moving black business into the mainstream of the South African economy. This Agreement is a result of consultations between USAID and USSALEP on how to achieve this ambitious goal.

Once it has established the necessary project

infrastructure, USSALEP will identify outstanding black business persons with exceptional, well thought-out business ideas which are dependent in some way on the acquisition of knowledge from American companies. Quarterly it will select the most promising of these, and provide such entrepreneurs with the resources to visit the sources of this knowledge in the U.S., to access the required know-how, and to discuss their ideas and their strategies for implementation in South Africa. On their return from the U.S., the entrepreneurs will use the project to source business support services to assist them in launching new or expanded businesses based on the knowledge acquired in the U.S.

The EEP will consist of eight important elements: USSALEP, a Selection Committee, regional coordinators, a selection process, the entrepreneurs, the A.I.D./Washington-based Entrepreneurs International Program (EI), U.S. host companies, and a South African Technical Assistance Subcontractor, all interacting through three central components.

The three central components which undergird the Agreement program are:

- * Project Infrastructure Development: The Agreement provides USSALEP with funds to enable it to establish the EEP project as a functioning institution: an office, staff, equipment, systems and operating guidelines. Specific support for staff compensation, office rental and operation, purchases of equipment, travel and technical assistance is made available to facilitate this task.

- * Exchange Implementation: The Agreement provides direct support to facilitate the transfer of business knowledge between the U.S. host and the black South African entrepreneur. To this end, USAID will finance the following:
 - a. matching of the entrepreneur with the U.S. host(s);
 - b. entrepreneur travel to, around and from the U.S., and per diem in the U.S.; and
 - c. miscellaneous professional costs related to the U.S. experience.

- * Follow-up Subcontract: This is technical assistance in the form of a Technical Assistance Subcontractor to assist USSALEP in the selection of qualified candidates and to provide various services aimed at bringing the entrepreneur's business idea to fruition

on his return to S.A. The type and extent of the technical assistance services to be provided will be determined by the entrepreneur and the Technical Assistance Subcontractor on the former's return from the U.S. The Subcontractor will be well aware of the entrepreneur's objectives prior to the U.S. experience. Upon the entrepreneur's return, the Subcontractor will debrief him/her and make an assessment of the degree to which these objectives were achieved (including reasons, if applicable, why they were not achieved). Approximately one year after the entrepreneur's return, and annually thereafter as required, the Subcontractor will assess the entrepreneur's progress toward launching his/her business idea. USAID will finance the cost of these services up to a certain maximum per entrepreneur agreed between USSALEP and the Technical Assistance Subcontractor.

Projected total financing for the Agreement over its fifty-one month life is \$1,145,737, to be funded on an incremental basis. The initial obligation will be \$269,759, with one subsequent obligation of \$875,968. The key output flowing from such resources is anticipated to be a total of approximately 48 black entrepreneurs, each armed with strategic commercial knowledge accessed in the U.S. and each husbanding new or expanded competitive business entries into South Africa's primary economy.

B. Basic Elements

The EEP strategy rests on the following key elements:

1. USSALEP: USSALEP's primary roles are to establish the project infrastructure and ensure the on-going implementation of the project. Development of the project infrastructure will involve the competitive hiring of a Project Coordinator, modifying USSALEP's offices and furniture and equipment resources, appointing a Selection Committee and regional coordinators, developing selection criteria for entrepreneurs, competitively selecting a Technical Assistance Subcontractor and mastering the regulatory requirements of AID and EI. On the last point, it is essential for the EEP to properly ensure that USSALEP be familiarized by the Mission or its representatives on USAID procedures in the following areas:
 - a. Procurement Procedures
 - b. Handbook 10 Procedures
 - c. Preparation of PIO/P's, Medical Certifications &

IAP66A forms

d. Payment Procedures

2. Selection Committee: The Selection Committee of five will meet quarterly and will be drawn from an available pool of fifteen individuals with credible direct or indirect business experience - credible black businesspersons, or business academics or advisors with extensive contacts in the black community and with shrewd business sense. The Selection Committee should strive to represent four targeted regions - the Cape (with persons from the Eastern Cape and the Western Cape alternating every other meeting), Natal, the Orange Free State and the Transvaal at each sitting. To ensure attendance at the quarterly Selection Committee meetings, the five sitting members will be chosen on the basis of rotation subject to availability. Participation will be voluntary.

It will be USSALEP's responsibility to ensure:

- a. that the selection process is impartial at all times, that no member of the Selection Committee, sitting or otherwise, nor any employee or director of USSALEP, shall have any personal or business interest, direct or indirect, in the outcome of any decision of the Selection Committee and that all members of the Selection Committee are made aware of these requirements at the time of their appointment as well as at the convening of each Selection Committee meeting;
- b. that, prior to the convening of any Selection Committee meeting, all sitting members of the Selection Committee are provided with complete briefing materials on each candidate being considered (that is, each member should be given, at the minimum, a copy of each candidate's application and a copy of the Technical Assistance Subcontractor's pre-screening report on each candidate);
- c. that at the beginning of each Selection Committee meeting, those present are verbally briefed on each candidate, his/her business and trip objective, and his/her potential for benefiting from the trip in a manner which can realistically be expected to result in the expansion of his/her business; and
- d. that clear, accurate minutes of every Selection

Committee meeting are kept, that these minutes include, inter alia, the details of each candidate selected, and that USAID is timeously provided a copy of the minutes of each meeting.

3. Regional Coordinators: The Regional Coordinators, one in each of the targeted regions, will be drawn from business academics or advisors with extensive contacts in the black community and considerable business experience. The Regional Coordinators will function as the prime program contact in the region and will assist in dissemination of information about the EEP, participate in the identification of candidates, help entrepreneurs develop their business plan proposals, help facilitate their travel arrangements and generally assist however possible in the implementation of the program in their regions. No remuneration will be provided to regional coordinators except a finder's fee, up to a maximum of R250 per candidate, for providing a candidate who is selected and who successfully completes the exchange visit to the U.S. and the technical assistance process to the point of debriefing.

4. Selection Process: The selection process, including the application form, EEP questionnaire, and interview formats, will be finalized by USSALEP and reviewed with USAID. On or before August 1, 1991, USSALEP in cooperation with the Technical Assistance Subcontractor will formally review the selection process, including the EEP application form and any EEP questionnaires and interview forms to be used in the selection process, and will submit these revised documents to USAID for approval. Once agreed, the selection process and its components, as revised, will be committed to writing and disseminated and explained to:
 - a. Selection Committee members at the next available Selection Committee meeting;
 - b. to regional coordinators, and other parties involved in proposing potential candidates, at their next meeting with the Project Coordinator; and
 - c. to potential candidates as and when they are contacted by the Project Coordinator.

Prior to USSALEP's issuance of any invitation to a candidate to attend a Selection Committee interview, the Technical Assistance Subcontractor shall conduct a pre-screening interview and shall prepare a pre-screening interview report for USSALEP which will

include the Technical Assistance Subcontractor's recommendation as to whether the candidate should be invited to a Selection Committee screening interview. In order to make such a recommendation the Technical Assistance Subcontractor shall elicit from the prospective candidate significant information regarding his/her financial situation, the products and services offered by the firm, his/her ideas for investigation in the U.S., his/her post-exchange business plans, and any other information pertinent to ascertaining the entrepreneur's potential for success.

Selection Committee screening of candidates will occur in Johannesburg. Quarterly, in January, April, July and October, the Selection Committee will be convened to select candidates for the program. At least one week prior to Selection Committee meetings, the members will be provided with application materials on each candidate. During the Selection Committee meeting, the Project Coordinator will brief the members on each candidate and his/her business plan. The Selection Committee will then debate the merits of each proposal and select those which merit participation in the program for that quarter.

The prime objective of the selection process is to identify serious, highly qualified entrepreneurs who have put considerable thought into the ideas they wish to pursue on the visit to the U.S.A. The selection process, its criteria, the methodology of application, and related information will form a significant portion of a promotional brochure describing the program. The selection process will be guided by the following three basic selection criteria:

- a. Leadership potential: The candidate's personal, educational and professional background should clearly demonstrate the qualities of leadership and entrepreneurial ability necessary to create and build businesses. Candidates must be owner/operators of existing businesses. However, under certain special circumstances, USSALEP can consider candidates for selection who are in a chief executive position or are in line to succeed to such a position within one year of their selection. As such, the candidates must have demonstrated the commitment required to carry their business endeavors through to a significant level of successful open market competition. This information will be elicited from the candidate's curriculum vitae, his/her EEP application, any EEP questionnaires

administered, in the Technical Assistance Subcontractor pre-screening interview and in the Selection Committee interview.

- b. Business plan: The candidate must possess a clearly thought out, concrete business idea which can realistically result in the creation of a successful business of significant size in turnover, profits and assets. A major component of the idea or its success must be based on business knowledge (procedural, technological, legal or other) which is unavailable to the entrepreneur in South Africa but which can be sourced from U.S. business. The business idea, and all its ramifications, must be detailed in a business plan, which together with the above-mentioned questionnaire and curriculum vitae, will form the body of the application. The business plan must contain a focused description of the idea, the products or services to be produced, the expected magnitudes of the business (turnover, profits, assets, etc.) over the first five years of the business, an activity/time frame for initiating the business, areas of information, training or technical deficiency on the part of the candidate (the U.S. business knowledge critical to the plan), the preferred U.S. host company(s) and the areas of focus during the period of time with the host(s).
- c. Candidate commitment: The candidate must demonstrate a strong commitment to the creation and on-going management of the business proposed in his/her application.

Drawing upon the above as foundations, USSALEP will draft binding written criteria for entrepreneur selection, which criteria must be approved by USAID in writing before commencement of the candidate review process or any exchange activities (see Section XII - A(1) of Attachment 1 to this Agreement). It is recognized that the EEP is a novel program, and that the selection criteria may need modification over time. However, a commitment to absolute excellence in the selection of candidates will be maintained; moreover, any material changes in such criteria will require formal USAID approval.

5. Outstanding Entrepreneurs: The most important element of the strategy is the existence of at least forty-eight outstanding black entrepreneurs with exceptional business ideas dependent in some way on

the acquisition of U.S.-sourced business knowledge. The EEP targets established entrepreneurs and is focusing on encouraging them to move to higher levels of business development. While a sponsored business idea may result in an entirely new business, the project will not be dealing with unproven business persons.

6. Entrepreneurs International (EI): This is a program operating in the U.S. which matches the needs of the entrepreneurs to the resources available at U.S. host companies to enable access to the desired business knowledge. EI was initiated and implemented by AID's Office of International Training (OIT). OIT performs certain bureaucratic functions related to the program. However, the primary function of EI, the entrepreneur/host company match, is performed by the Placement Contractor which administers EI on behalf of OIT. The Placement Contractor has extensive contacts in the American business community.

The Technical Assistance Subcontractor will assist candidates who have received qualified acceptance from the Selection Committee in drawing up professional business plans. Prior to developing such plans, however, the Technical Assistance Subcontractor shall provide the EI Placement Contractor with a basic profile of the entrepreneur and his/her business, and solicit the EI Placement Contractor's needs regarding more detailed information necessary to build a rewarding U.S. exchange program.

USSALEP shall provide the EI Placement Contractor with sufficient time to develop a high quality, agreed-upon itinerary for the U.S. exchange, and shall ensure that this itinerary is focused and closely matches the needs of the participant. It should further ensure that the itinerary includes no extraneous meetings which may be added simply to fill time slots. Any difficulties in arriving at rewarding, focused itineraries should be conveyed to USAID in monthly briefing meetings.

7. U.S. Host Companies: These companies will provide the entrepreneur with the on-the-job experience through which he or she obtains the vital U.S.-sourced business knowledge, the principal product the EEP offers. The knowledge might be technological, product or service related or related to management systems. It is anticipated that the hosts will be small or medium-sized firms. It is also expected that, in some

cases, a working relationship can develop between the host and the entrepreneur whereby the latter can profitably represent the former in South Africa as a distributor, licensee and/or joint venture partner, all within the confines of existing sanctions legislation.

8. S.A. Technical Assistance Subcontractor: The Subcontractor will make available a wide range of services to the returned entrepreneur aimed at assisting entrepreneurs in developing their ideas into profitable businesses. These might include refinement of business plans, provision of communications with EI hosts in the U.S., identification of sources of finance, interpretation of regulations and other legal issues, and so on. To facilitate subsequent follow-up, the candidate will be interviewed by the Subcontractor prior to departure to the U.S. On return from the U.S., the entrepreneur will be debriefed by the Subcontractor on the U.S. experience. This interaction will establish the structure (ie., detail the actual services to be provided) of the entrepreneur/Subcontractor relationship for follow-up assistance, and will form the basis for evaluation of the effectiveness of the program, in that it will be one of the Subcontractor's responsibilities to monitor the long-term success of the new ventures resulting from the program.

USSALEP will ensure that, prior to the participant's departure for the U.S., the participant and the Technical Assistance Subcontractor will develop a broad, post-return plan for technical assistance services.

The Technical Assistance Subcontractor will assist candidates who have received qualified acceptance from the Selection Committee in drawing up professional business plans. Prior to developing such plans, however, the Technical Assistance Subcontractor shall provide the EI Placement Contractor with a basic profile of the entrepreneur and his/her business, and solicit the EI Placement Contractor's needs regarding more detailed information necessary to build a rewarding U.S. exchange program.

USSALEP shall provide the EI Placement Contractor with sufficient time to develop a high quality, agreed-upon itinerary for the U.S. exchange, and shall ensure that this itinerary is focused and closely matches the needs of the participant. It should further ensure that the itinerary includes no extraneous meetings

which may be added simply to fill time slots. Any difficulties in arriving at rewarding, focused itineraries should be conveyed to USAID in monthly briefing meetings.

9. Contributions by Participants: In order to ensure serious participants in the program, each candidate will be required to contribute an amount to the administrative costs of the program. To this end, all candidates from the twelfth candidate selected onwards must demonstrate his/her commitment by making a contribution of R1,500 toward the cost of administration of the program. This contribution must be paid to USSALEP prior to USSALEP's advising the EI Placement Contractor that the candidate has been selected. In advising the EI Placement Contractor, USSALEP will indicate that it has received such payment. The funds received will be applied toward administrative costs associated with the project.

C. Specific Agreement Program Components

SECTION I: PROJECT INFRASTRUCTURE DEVELOPMENT

The Agreement will finance the infrastructure needs of USSALEP at headquarters to enable it to effectively provide the necessary services to implement the EEP. Infrastructure development will include hiring a Project Coordinator, modifying USSALEP's offices and furniture and equipment resources, appointing and interfacing with a Selection Committee and regional coordinators, developing selection criteria, competitively selecting a technical assistance subcontractor, and attending to the on-going administration of the project, including on-going evaluation of its continuing utility.

USSALEP will liaise with USAID in the development of the selection process and its selection criteria, and as noted earlier, will obtain USAID's written approval of both prior to their use in candidate selection.

The infrastructure needs of USSALEP will be addressed in nine areas, as described below:

1. Staff Compensation

Under the Agreement, the salaries of one Project Coordinator and one Project Assistant will be funded. The Project Coordinator will be competitively hired in the first month of the project, and will be accountable and responsible for the total operational

activities of the EEP. He/she will report to the Executive Director of USSALEP. The Project Assistant will be hired on or before July 31, 1991. Consistent with the provisions of Section XI - B.4. of Attachment 1 to this Agreement, USSALEP will provide USAID with a summary memorandum of competition following selection of the Project Coordinator and the Project Assistant.

Staff benefits include provision to staff members of medical aid and retirement annuities within commercial norms and USSALEP policy. In the case of the Project Coordinator, benefits will also include a housing allowance and a car allowance.

In keeping with standard commercial practice in South Africa, provision is made for a thirteenth cheque.

Maximum funding levels for staff compensation are set forth in the notes to Table 1 of Annexure A to Attachment One.

2. Regional Coordination

This category will finance the costs associated with liaison with the project's regional coordinators to ensure that the EEP is properly promoted and active in the field. Travel, per diem and car hire expenses incurred by the Project Coordinator in the course of visits to outlying regional centers when such travel is directly related to the project are allowable. Also allowable are finder's fees paid to organizations and individuals for the referral of successful candidates.

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

Travel: Allowance is made for the reasonable costs of economy air travel, per diem and car hire for the Project Coordinator to liaise with regional coordinators, referral organizations and prospective candidates. All such costs will be governed by USSALEP's travel policies and procedures, which will be forwarded to USAID for review prior to claims for reimbursement.

USSALEP will ensure that any cars hired under the project will be A class cars hired under the least cost "package" rate available for the period of travel

(eg. three-day package rate).

USSALEP will provide USAID with the summary purpose of any travel undertaken when claiming for expenses related thereto.

Regional Promotion Seminars: USSALEP will ensure that the Project Coordinator conducts a minimum of eighteen promotion trips to the regions (at least two annually in each of the eight outlying areas indicated on Page 3 of the Notes and Assumptions to Table 1 of Annexure A of Attachment No. 1, hereto. On each such trip, the Project Coordinator will contact a minimum of ten organizations and/or individuals interested in the EEP project and shall aggressively and consistently promote the project so that those contacted fully understand the type of entrepreneur that the project seeks to identify.

Finder's Fee: It may be that the small business development units of reputable universities in the various regions, regional development authorities and the regional offices of national development authorities are the best sources of the regional coordination function. USSALEP must ensure that their cooperation, or the involvement of other highly qualified resources, is obtained free of charge. However, to encourage referrals, a finder's fee of up to R250 per successful candidate may be paid to the referring body or individual subject to paragraph XI.B.6. of Attachment No. 1 hereto and only if the candidate successfully completes the selection process, the U.S. exchange itinerary and the technical assistance process to the point of de-briefing.

3. Office Rental:

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, provision is made for the incremental cost of an additional office at USSALEP's S.A. headquarters to accommodate the Project Coordinator. Immediately following the signing of the Agreement, USSALEP will proceed with the procurement of office space for the Project Coordinator.

4. Selection Costs:

In order to achieve true regional representation in the selection process, the Agreement will cover the reasonable cost of flying four regionally-based members of the Selection Committee to Johannesburg quarterly and of flying four candidates to

Johannesburg quarterly to be interviewed by the Selection Committee. The number of quarterly candidates cited above (4) is an average figure and may be exceeded during any quarter subject to the maximum total of 48 successful candidates.

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, the Agreement will cover the reasonable cost of air travel, per diem and car rental associated with such visits. All travel will be governed by USSALEP's travel policies and procedures, as specified previously in this section. USSALEP will provide USAID with the summary purpose of travel undertaken when billing USAID for expenses related thereto.

5. Furniture & Equipment:

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, funds will be provided to finance the following items:

Computer Equipment, Printer and Software: immediately following the signing of the Agreement USSALEP will proceed with the procurement of the computer equipment required to manage the EEP project.

Furniture: immediately following the signing of the Agreement, USSALEP will proceed with the procurement of the office furniture required to furnish the office of the Project Coordinator.

6. General Promotion:

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, funding will be provided for the creation of brochures and audio visuals, for advertising and for other publicity expenses required to properly promote the project. USSALEP will, within a reasonable time, forward to USAID copies of all such publicity-related materials funded out of the Agreement.

7. Communications:

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, funding will be provided for the cost of communicating with OIT and its EI Placement Contractor as well as the USSALEP office in Washington, regional coordinating and referral bodies and prospective exchange candidates on

matters related to the project.

8. Other Direct Costs:

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, funding will be provided for the cost of the following other direct costs:

Bank charges: The normal charges levied by banks for operational expenses related to the project, including transaction costs for necessary foreign exchange conversions, but excluding interest charges.

Consumables: The cost of paper, supplies and other administrative needs related to the project.

Insurance: The insurance cover on all office furniture and equipment procured to implement the project.

Motor Expenses: The reasonable petrol and maintenance costs for business purposes claimable by staff as directly related to the project. Relevant and reasonable USSALEP travel/administrative policies and procedures, to be forwarded to USAID prior to claims for reimbursement, will govern such transactions.

Postage and Telephone: Costs related to postage and telephone usage which is directly attributable to the project.

Printing: The costs for photocopying training materials and other printing requirements which are directly related to the project.

Electricity: The cost of electricity usage at USSALEP's head office which is directly attributable to the project.

9. Indirect Costs:

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, funds will be provided to finance an indirect costs of USSALEP on the basis recommended in the J.E. Austin evaluation. In this regard, during period 2, indirect costs will be financed at rates per exchange candidate of \$1,000 and R4,290 for USSALEP/US and USSALEP/SA, respectively. During period 3, the corresponding rates will be \$1,060 and R4,934, respectively.

10. Evaluation and Audit:

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, funds will be provided to finance a final evaluation of the project to be conducted prior to the expiration of the Agreement.

USSALEP will ensure that all the above costs are incurred only in connection with the legitimate business activities of the EEP project, and will certify this in each monthly or other reimbursement claim submitted to USAID.

SECTION II: EXCHANGE IMPLEMENTATION

Subject to USSALEP's compliance with the terms of Sections XI.A.1. and XI.A.2. of Attachment I, the Agreement will finance costs incurred by USSALEP associated with implementing the exchange of knowledge between the sponsored entrepreneurs and their host(s). Sections XI.A.1. and XI.A.2. effectively require that USSALEP have developed a sufficient infrastructure to commence the exchange process and have made contractual arrangements with a local Subcontractor to provide, inter alia, "aftercare" to returning entrepreneurs. With such foundations in place (and approved by USAID), Agreement monies will become available for exchange activities, as described below:

1. Airfares:

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, funds will be provided to finance economy-class ticket costs between the entrepreneur's place of residence and various destinations in the U.S. which form part of the entrepreneur's approved host itinerary. All international and U.S. travel will be conducted in accordance with applicable U.S. Government and EI Program travel policies and procedures.

2. Per Diem:

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, funds will be provided to finance the accommodation and maintenance of the entrepreneurs while they are participating in their approved host itinerary. Again, U.S. Government and EI Program policies and procedures will govern the amount and terms of such per diem.

3. HAC/Contractor Costs:

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, funds will be provided to finance health and accident insurance covering the entrepreneurs while they are participating in their approved host itinerary, and to finance the fees of the OIT placement contractor. In line with OIT's anticipated expenses, the cost of accident/health insurance and placement contractor fees has been assumed to be \$250 per candidate trip in period 1 and \$343 per trip in periods 2 and 3.

4. Miscellaneous Costs:

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, funds will be provided to finance bona fide miscellaneous costs associated with making the entrepreneur's U.S. business experience more rewarding. These might include the costs of seminars, conferences and other expenses related to the maximization of the host/entrepreneur interface in the U.S. Any such costs incurred must be specified in the entrepreneur's program before departure and must be important and necessary to full attainment of the trip's business objective.

SECTION III: S.A. TECHNICAL ASSISTANCE SUBCONTRACT

Subject to USSALEP's compliance with the terms of Sections XI.A.1. and XI.A.2. of Attachment I (elaborated in the foregoing section), the Agreement will finance reasonable costs incurred by USSALEP associated with implementing the South African technical assistance Subcontract. The Subcontractor will be competitively selected by USSALEP, in compliance with the dictates of Section XI.A.2., XI.B.1. and XI.B.2. of Attachment 1.

Within the budgetary parameters set forth in Tables 1 and 2 of Annexure A to Attachment 1, funds will be provided to finance direct technical assistance costs associated with provision of technical assistance by the Technical Assistance Subcontractor to the entrepreneurs after their return from the U.S. Precise terms of reference for the Technical Assistance Subcontractor's activities will be developed by USSALEP and formally approved by USAID before execution of the Subcontract (see Section XI.A.2. of Agreement Attachment 1.)

USSALEP will ensure, by amendment to its contract with the

Technical Assistance Subcontractor, that the Technical Assistance Subcontractor will charge only for consultant time spent providing technical assistance services to candidates, that such services will be provided by consultants whose qualifications are appropriate to the activities involved, and that the Technical Assistance Subcontractor will carefully document to USSALEP in its billings such consulting time and appropriate consultant rates. To ensure accuracy in this regard, prior to making any payment to the Technical Assistance Subcontractor for any work under the project related to direct contact with prospective exchange candidates or selected exchange candidates, USSALEP will:

- a. Obtain directly from such candidate a written certification stating the details of each contact that the Technical Assistance Subcontractor has made with them including the date of the contact, the name of the person making the contact and the approximate duration in hours of the contact; and
- b. If USSALEP is unable to obtain this written confirmation directly from the candidate, the Project Coordinator will verbally ascertain the above data and will complete and sign the certification on behalf of the candidate.

When claiming reimbursement from USAID for payments made to the Technical Assistance Subcontractor, USSALEP will include in its supporting documentation the aforementioned certifications together with a general statement indicating that, in USSALEP's opinion, the Technical Assistance Subcontractor billings accurately reflect the level of work performed, that the individuals who performed the work are entitled to the hourly rates billed and that the time being charged corresponds to that indicated by the candidate serviced.

Also in connection with the Technical Assistance Subcontract, USSALEP will ensure that the Technical Assistance Subcontractor provide information about each candidate for USSALEP's monitoring and evaluation data base to track tangible economic and financial benefits to participants.

VII. IMPLEMENTATION PLAN

Major Agreement program activities and benchmarks are summarized in the following six-phase implementation schedule:

A. Pre-Launch Phase (October-November, 1989):

This phase will commence immediately after obligation of funds to the project and will include the following activities:

1. USSALEP structural changes: hiring the Project Coordinator and Project Assistant, acquiring the necessary office space and equipment to support the project, and making other internal organizational changes to integrate the project into USSALEP. The Project Coordinator will be hired during the first month of the project and the Project Assistant will be hired on or before July 31, 1991.
2. Developing the project selection process and its components: setting the selection criteria, developing an application questionnaire and interview format, and committing these to writing in the form of the promotional brochure.
3. Selection of the Selection Committee and the Regional Coordinators.

B. Launch Phase (January, 1990):

This phase will immediately follow the Pre-Launch Phase and will consist primarily of:

1. Media and word of mouth promotion of the project; and
2. Regional workshops promoting and explaining the project and the selection process, its criteria and application methodology.

C. Selection Phase: (February, 1990, onwards):

This phase will immediately follow the Launch Phase, will be repeated quarterly over the project period and will consist primarily of:

1. Application Solicitation from prospective candidates. The regional coordinators will play a major role in this.
2. Application Screening (regional): Again, the regional coordinators will play a major role, including initially interviewing candidates, and the Technical Assistance Subcontractor will perform pre-screening prior to selection committee meetings.
3. Selection Committee Screening: This will occur in

Johannesburg. Quarterly, in January, April, July and October, the Selection Committee will be convened to select candidates for the program. At least one week prior to Selection Committee meetings, the members will be provided with application materials and the pre-screening report on each candidate. During the Selection Committee meeting, the Project Coordinator will brief the members on each candidate, his/her idea for investigation in the U.S. and his/her business plan. The Selection Committee will then debate the quality of each proposal and select those which merit participation in the program for that quarter.

4. As soon as possible following selection of any candidate, USSALEP will provide USAID with the minutes of the relevant Selection Committee meeting together with a) an unfunded PIO/P, b) a medical certificate, and c) an IAP 66A form, all appropriately prepared for each successful candidate. USSALEP will not inform any candidate of his/her selection until it has received from USAID the signed and numbered PIO/P and the signed IAP 66A form.

D. U.S./S.A. Interface Phase: (February, 1990, onwards):

This phase will recur quarterly following the completion of the Selection Phase:

1. USSALEP will complete an EI Nomination Form and forward same to the Office of International Training (OIT) by pouch or cable and to USAID. At this point, USSALEP will clearly specify the candidate's needs and requests regarding U.S. hosts. In order to facilitate subsequent follow-up, the Technical Assistance Subcontractor should participate with the candidate and USSALEP in this specification.
2. OIT will assign EI nominees to its EI Placement Contractor for placement based on the candidates needs and preferences. Matches between nominees and U.S. business hosts may take as little as a month or as long as six months depending on the prior EI experience in the area of interest.
3. USSALEP will forward the candidates' PIO/P's to OIT after Mission approval and numbering.
4. The EI Placement Contractor will cable a proposed schedule of activities and itinerary for USSALEP and candidate confirmation. A call forward will be issued. USSALEP must confirm that nominees will

adhere to schedules once the call forward is issued since cancellations are difficult to explain to businesses which have agreed to donate staff and time.

5. Prior to the departure of any candidate, USSALEP will ensure that the candidate is in possession of a comprehensive business plan which will include, at the minimum, a profile of the business, financial statements and detailed plans for the future.
6. Immediately before the departure of any candidate, USSALEP will arrange a pre-departure orientation for the candidate in which one or more American businesspersons will participate to convey to the candidate the flavor of American society and business culture.

E. Technical Assistance Phase:

This phase will occur quarterly following the completion of the Interface Phase:

On return from the U.S., the entrepreneur will meet with the Technical Assistance Subcontractor for a debriefing on the U.S. experience. This debriefing will form the basis of the project evaluation process. Following the debriefing, the Subcontractor and the entrepreneur will meet to establish the structure of the on-going technical assistance relationship between them. This process will define the services the Subcontractor will make available to the entrepreneur to enable the latter to take the business idea to the next step toward implementation.

F. Evaluation Phase:

As mentioned previously, the Subcontractor will be well aware of the entrepreneur's objectives prior to the U.S. experience. Upon the entrepreneur's return, the Subcontractor will debrief him/her and make an assessment of the degree to which these objectives were achieved, including reasons why they were not achieved. Approximately one year after the entrepreneur's return, and annually thereafter as required, the Subcontractor will assess the entrepreneur's progress toward launching his/her business idea.

G. Post-Mid-Term Evaluation Phase

1. Data base and Marketing Plan

On or before July 31, 1991, USSALEP will:

- a. develop a monitoring and evaluation data base to track tangible economic and financial benefits to participants. USSALEP will submit a detailed description of this data base to USAID for its review and will include in its quarterly progress review information on the data base development and usage.
- b. USSALEP will develop a revised marketing plan to aggressively promote the exchange program and to forge relations with regional referral bodies, including financial sector firms, to provide candidates. USSALEP will submit this plan to USAID for its review, and will report on progress under the plan in its quarterly progress review meetings with USAID.

2. Subcontractor Reports

USSALEP will ensure that USAID receives copies of all pre-screening, business plans and debriefing reports produced with the assistance of the Technical Assistance Subcontractor.

3. Quarterly Progress Review Meetings

Within two weeks of the end of each calendar quarter, USSALEP will meet with representatives of USAID and will give a briefing on progress on all important aspects of the project.