

UNCLASSIFIED

SOUTH AFRICA

COMMUNITY OUTREACH AND LEADERSHIP DEVELOPMENT (COLD)

(674-0301)

PROJECT PAPER

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PROJECT DATA SHEET

A = Add
C = Change
D = Delete

Amendment Number _____ CODE 3

COUNTRY/ENTITY SOUTH AFRICA

BUREAU/OFFICE AFR 06

PROJECT NUMBER 674-0301

PROJECT TITLE (maximum 40 characters) Community Outreach and Leadership Development

PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 09/30/90

7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4)
A. Initial FY 86 B. Quarter 4 C. Final FY 88

8. COSTS / \$000 OR EQUIVALENT \$1 =

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	1,400		1,400	6000		600
(Grant)	(1,400)		(1,400)	(6000)		(600)
(Loan)						
TOTALS	1,400		1,400	6000		600

9. SCHEDULE OF AID FUNDING (\$000)

APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE	D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
			1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
ESF	760	920			1,400		6000	
TOTALS					1,400		6000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)
869 200

11. SECONDARY PURPOSES

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)
A. Code BU TNG B. AMOUNT

13. PROJECT PURPOSE (maximum 480 characters)
To strengthen the leadership and the institutions of the disadvantaged community by enabling them to better meet the needs of their constituencies.

14. SCHEDULED EVALUATIONS

Interim	MM YY 09 87	Final	MM YY 12 91
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15. SOURCE/ORIGIN OF GOODS AND SERVICES
 000 941 Local Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

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17. APPROVED BY

Signature: Roger Carlson
Title: Director AFR/SA
Date Signed: MM DD YY 09/07/90

18. DATE DOCUMENT RECEIVED IN AID/W. OR FOR AMENDMENTS, DATE OF DISTRIBUTION
MM DD YY

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

FROM: AFR/PD, Laurence Hausman

SUBJECT: South Africa Community Outreach and Leadership
Development Project (674-0301)

Problem: Your approval is requested for authorization of the South Africa Community Outreach and Leadership Development (COLD) Project, to be funded from the Economic Support Fund for an LOP total of \$6 million.

Background

Across South Africa today, blacks, "coloreds" and Asians have banded together in the struggle to end apartheid and constitute a just society. Both in rural and urban areas, citizens groups have formed, most of which operate at the grassroots level. While the groups often differ sharply on day-to-day priorities, they collectively reject apartheid and have seized the initiative in the battle against the apartheid system. They are in the vanguard of change in South Africa.

This project will demonstrate concrete American support for such community-based organizations. The project will not work through the South African government, but through private groups and leaders. Through these groups AID will foster accomplishment of its overall program goals for South Africa, which are changing policies, laws, and human rights practices.

Working with the Embassy/Pretoria, an AID planning team in January 1986 recommended the COLD project concept and identified a number of potential grantees. During April/May 1986, a design team visited over 40 community-based non-governmental organizations (NGOs) across South Africa, and verified credibility of individual groups with relevant community leaders.

Summary Project Description

This is an umbrella-type program in which direct grants will be made to South African community-based NGOs. Beginning in FY86 and for the following two years, a limited number of such NGOs will be targetted for assistance. Organizations will be selected for funding based on criteria laid out in the Project Paper; key criteria include: organizations should reflect the

objective of ending apartheid; activities should strengthen communities' abilities to address their own needs and should directly develop community leadership; and procurement of commodities and services must be directly linked to community impact or leadership development. No support will be given to groups financed or controlled by the South Africa government, nor to political parties.

The PP describes a number of groups which are illustrative candidates for support under the project. Four NGOs in particular are likely recipients of FY86 assistance: the Wilgespruit Fellowship Center, the Funda Center, the Natal Education Organization of the Institute for Black Research, and the Pietermaritzburg/Durban Consortium.

These NGOs in turn will assist up to 35 smaller community groups in carrying out programs in such areas as leadership training, small business development, adult education, information dissemination, and teacher training. Assistance under this project to the four grantee NGOs listed above is likely to increase in future years. Other groups will be eligible as well, in FY87-88.

Prior to each obligation of funds, it is expected that planning sufficient to meet the requirements of Section 611(a) of the Foreign Assistance Act of 1961, as amended, will be completed, if required, for such obligations. This planning will be reviewed in the field.

Financial Summary

The estimated cost of the project, to be funded incrementally over three years, is \$6 million. Obligations break down as follows:

	<u>(\$000's)</u>		
	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
1. NGO Grants	1,350	1,750	2,100
2. Technical Assistance	50	150	150
3. Contingency/Inflat.	<u>-</u>	<u>200</u>	<u>250</u>
TOTAL	1,400	2,100	2,500

PROJECT AUTHORIZATION

Name of Country: South Africa
Name of Project: Community Outreach and Leadership
Development
Number of Project: 674-0301

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Community Outreach and Leadership Development Project involving planned obligations of not to exceed \$6,000,000 in grant funds, over a three year period from date of authorization subject to the availability of funds in accordance with the AID OYB allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is four years from the date of initial obligation.

2. The project consists of assistance to South African community-based non-governmental organizations. Organizations will be selected for funding based on criteria provided in the Project Paper the most important of which require that (a) organizations should reflect the objective of ending apartheid, (b) activities should strengthen communities' abilities to address their own needs and should directly develop community leadership, (c) proposed procurement of commodities and services must be directly linked to community impact or leadership development, and (d) no support shall be provided to organizations financed or controlled by the South African government or to political parties.

The Project Paper described a number of groups which are illustrative candidates for support under the project. These non-governmental organizations in turn will assist smaller community groups in carrying out programs in such areas as leadership training, small business development, adult education, information dissemination, and teacher training.

3. The Grant Agreements and Cooperative Agreements which may be negotiated and executed by the officers to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

4 Source and Origin of Commodities, Nationality of Services.

Commodities financed by A.I.D. under the project shall have their source and origin in the United States or the Republic of South Africa, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the United States or the Republic of South Africa as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. may, unless otherwise agreed in writing, be financed only on flag vessels of the United States.

7/17/86

Date

Mark L. Edelman

Mark L. Edelman
Assistant Administrator
for Africa

Clearances:

AFR/SA:MFeldstein	(Draft)	Date	7/2/86
AFR/PD:WStickel	(Draft)	Date	7/2/86
GC/AFR:AVance	(Draft)	Date	7/1/86

GC/AFR:ANVance:06/30/86:7-9219:1735H

Project Issues

One issue of note surfaced at the ECPR, held June 20, 1986. It involved the incoming mission director's concern that it may be difficult to maintain traditional AID standards of financial management in this project, given the nature of the groups and activities to be supported. In this light, he requested that he have available to him adequate technical assistance to support the mission in financial and management oversight of project grantees, as well as other advisory services as might become necessary. He was particularly concerned that he have locally available resources to monitor grantee financial and audit-related performance. These resources may be necessary, given the relative inexperience in auditing procedures of some of the groups AID is likely to be dealing with.

Given his small staff and the mission's responsibility to manage and monitor grants under the project, the ECPR agreed that provision of direct T.A. support to the mission out of project funds was appropriate. The project also provides for short-term financial and management assistance to individual grantees. All technical assistance is expected to be contracted for directly, and in most cases locally, by the USAID. In addition, AID/W TDY help, mainly from AFR/PD and AFR/SA, will be on call to the mission as needed for backstopping of individual grantee programs and development of new grants.

Special Actions Requested

-- Local cost financing. We anticipate that virtually all commodities and services needed under the project will be available locally. Therefore, you are requested to authorize local cost financing of procurement for up to the totality of the project's LOP cost. This would be in addition to the authorized code, 000 (U.S. only). Approval of local cost financing will enable grantees to purchase commodities and services locally, using local currency, in unlimited quantities, so long as commodities and services have their source/origin in South Africa or are imported shelf items of Code 941 origin.

Other Actions

1. IEE. The AFR Environmental Officer approved a Categorical Exclusion on June 19, 1986 for all grants not involving construction. Individual IEE's will be prepared for all grants

with a construction component, and will be reviewed and approved by the RLA and the Regional Environmental Officer at REDSO/ESA.

2. Limitation of competition for grants. On June 26, 1986, you delegated to the USAID South Africa director the authority to restrict in all AID projects invitations for grants or cooperative agreements in accordance with criteria in Section 1B2e of AID Handbook 13. (For grants or cooperative agreements entered into with U.S. entities, this authority is limited to \$1 million.) This authority will be utilized in the project mainly for ease of management purposes, since all grantees will be locally identified and contracted with. It is expected that the main criterion for limiting competition will be the mission director's judgment that the entity is unique or is most appropriate to undertake the subactivity in question (criterion number 3, HB 13, chapter 1B2e).

3. Congressional Notification. A CN was submitted to Congress June 13, 1986, and expired June 27th without objection.

Recommendation: That you approve: authorization of the South Africa Community Outreach and Development Project in the amount of \$6 million, and local cost financing of procurement for up to the totality of the project's LOP cost, by signing the attached Project Authorization document.

Drafted: AFR/PD/SAP, Mary Ann Riegelman, ^{MAR}x7-8618, 2738L

Clearances:

AFR/PD/SAP, WStickel (draft)
AFR/SA, RCarlson/MFeldstein (draft) *RC*
GC/AFR, AVance (draft)
AFR/DP, GCauvin (draft)
DAA/AFR/ESA, LSaiers *LS*

I. SUMMARY AND RECOMMENDATIONS

A. Facesheet (attached)

B. Recommendations. The following actions are recommended herein:

1) Authorization, in an amount not to exceed \$6.0 million over five years, of a project to strengthen community and leadership development among black South Africans through grants to private community-based groups. \$1.35 million is expected to be obligated in FY 86.

2) Designation by AA/AFR of the USAID/South Africa Director as having authority to approve grants without full and open competition, for ease of management and in conformance with HB 13, Chapter 1B2(e).

C. Background

Across South Africa today, blacks, coloreds and Asians have banded together in the struggle to end apartheid and constitute a just society. Both in rural and urban areas, citizens groups have formed, most of which operate at the grassroots level. While the groups often differ sharply on day-to-day priorities, they collectively reject apartheid and have seized the initiative in the battle against the apartheid system. They are in the vanguard of change in South Africa.

AID's program in South Africa demonstrates concrete American support for such community-based organizations. The program does not work with the South African government, but through private groups and leaders. Through these groups, AID will foster accomplishment of its objectives in South Africa, which are changing policies, laws and human rights practices.

The purpose of the project is to strengthen the leadership and institutions in the disadvantaged community in South Africa so they can better respond to the needs of their constituencies. The rationale for the project and how it supports the objectives of both the disadvantaged community and the U.S. government are provided in Sections III and IV.

D. Description of the Project

This is on an umbrella-type program in which direct grants will be made to South African community-based non-governmental organizations (NGOs). Beginning in FY86 and for the following two years, a limited number of such NGOs will be identified for assistance. Organizations will be selected for funding based on

selection criteria set out in Section IV. Key criteria are: organizations should reflect the objective of ending apartheid; activities should strengthen communities' abilities to address their own needs and should directly develop community leadership; and procurement of commodities and services must be directly linked to community impact or leadership development. In addition, no support will be given to groups which are financed or controlled by the South African government, nor to political parties.

The Project Paper provides descriptions of four community "umbrella" organizations which are illustrative candidates for FY 86 support. Grants will probably be made to those groups in amounts ranging from \$150,000 to \$750,000. These are the Wilgespruit Fellowship Center, The Funda Center, The Natal Education Organization of The Institute for Black Research, and the Pietermaritzburg/Durban Consortium. They, in turn, will be assisting up to 35 other (smaller) community groups in carrying out programs in such areas as leadership training, small business development, adult education, information dissemination, and teacher training, to name a few. Assistance to these organizations is likely to increase in future years. In addition, other "umbrella" organizations are expected to receive funding in FY 87-88.

E. Financial Summary

The estimated cost of the project, to be funded incrementally over three years, is \$6 million. Obligations break down as follows:

	<u>\$000's</u>		
	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
1. NGO Grants	1,350	1,750	2,100
2. Technical Assistance	50	150	150
3. Contingency/Inflation	--	200	250
TOTAL	<u>1,400</u>	<u>2,100</u>	<u>2,500</u>

F. Project Implementation

USAID/South Africa will have full management responsibility for all activities under the project. AFR/PD will have primary AID/W backstopping duties, supported by AFR/SA. Short-term technical assistance, most of which will be contracted locally as needed, will be available to work with South African grantees on improving such things as bookkeeping practices, internal monitoring and

evaluation, and overall management systems. AID/W TDY help also will be on call to the mission as needed, for backstopping of individual grantee programs and development of new grants.

RLA/Swaziland will provide legal support, including Section 802(c) determinations for individual grantees. The regional controller, also in Swaziland, will perform routine controller functions. However, he may designate other USAID controllers in the region and/or private accounting firms to assist him in carrying out the HB 13 certifications of financial management capability for individual grantees. Contracting assistance from REDSO/ESA also will be provided as needed.

Project Design Team:

Laurence Hausman
Michael Feldstein
Jimmy Philpott
Mary Ann Riegelman
Robert Pearson

II. PROGRAM OVERVIEW: AID IN SOUTH AFRICA

A. The Setting

South Africa is in a heightened state of political, social and economic turmoil, due in large part to that country's cruel and misguided policy of "apartheid". Apartheid excludes 72% of the population from the central processes of government on the basis of race. It has led to a sharply divided nation. It imposes a legal framework of dehumanizing restrictions on black South Africans that are an affront to fundamental human values. It dictates, on the basis of race, where an individual can live, work, travel, eat, and go to school. It directly contributes to the social and economic deprivation of the population it legally disenfranchises.

Evidence of this deprivation is obvious and dramatic:

-- 72% of the population is forced to live in only 13% of the country.

-- Black infant mortality is estimated at 190 per 1000 live births -- six times that for whites. UNICEF holds that South Africa has one of the highest infant mortality rates in the world in relation to national wealth.

- The South African Government spends eight times more annually for education on a white student than it does for a black.
- Close to 80% of the 120,000 black public school teachers are underqualified. Many of these teachers have an education level only a year or two above the grades they teach.
- A black's life expectancy is about 15 years less than a white's.
- Malnutrition among blacks is common in the so-called "homelands".
- 80% of the population in the "homelands"--some 8 million people--live below a stringently defined poverty line.
- The proportion of blacks qualifying for university admission in South Africa fell from 33% in 1978 to 11% in 1982.

B. The AID Approach

The AID program in South Africa is an integral element of our overall policy toward that country. It demonstrates our nation's concrete support for individuals and groups striving for the elimination of the apartheid system through political change. The program is evidence that our relations with South Africa are not limited to a narrow range of issues or to a process of dialoguing only with the South African Government. The importance of the AID program was underscored in the President's September 1985 Executive Order, which contains positive as well as punitive measures. The positive measures include the expansion of AID programs in education, training, and human rights.

The AID program objective is primarily political -- working to change existing policies, laws and human rights practices. In addition, the South Africa program differs markedly from AID programs elsewhere in the world. It does not work through the South African Government, but rather works directly with private community organizations, local groups and leaders. A common objective of the program is the improvement of educational and training opportunities for disadvantaged South Africans. Such training is necessary to assure that strong and responsible leadership is available to assume increasingly greater positions of responsibility and authority in both the public and private sectors. AID projects address educational and skills training through tutorial and scholarship programs, community and institutional support efforts, as well as programs for black entrepreneurs and trade unionists. In addition, there are funds for human rights and self-help activities.

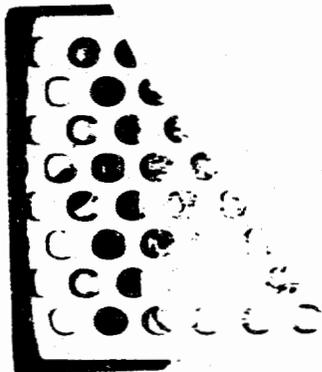
ally, AID programs are not substitutes for what are the responsibilities of the South African Government -- the economic and political development of all population groups in the country.

AID's broad program goals and objectives, as agreed to by State, AID and AmEmbassy Pretoria, underscore the "non-developmental" nature of USG assistance efforts in South Africa. Specifically, these are:

- To support U.S. policy objectives in South Africa.
- To build bridges between the U.S. and the black* community in South Africa.
- To promote communication and cooperation within and among black communities and between the black and white communities in South Africa.

*The term "black" in this paragraph includes all legally disadvantaged South Africans.

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- To aid in the development of future South African leaders in the short to medium-term through formal secondary and higher education and training, as well as through informal community and institutional development programs.
- To promote political and social change in South Africa that leads to an end of apartheid and to a political system based on the consent of the governed.

III. PROJECT RATIONALE: THE ROLE OF COMMUNITY GROUPS

The black, colored and Asian populations of South Africa are caught up in a process of politicization that is accelerating and spreading rapidly. In many respects, however, these groups are much less politically developed at the community level than the populations in many other African countries.

The legal prohibitions against group gatherings and community activities has restricted the establishment of local committees which serve as training grounds for developing organizational and leadership skills. Black South Africans, in particular, have had limited opportunity to participate actively in Western-style political organizations at a grassroots level without attracting the unwelcome attention of South African Government officialdom. As a consequence, such elementary concepts as political canvassing, lobbying, fund raising and organizing are not nearly as well developed as the reader might expect. If the country is to continue to function efficiently after a change in political leadership it must develop the talents of the majority of its people.

Across South Africa today, black, colored and Asians - the legally disadvantaged - are joining together to end apartheid and institute a just society. The citizens groups formed are large and small, urban and rural; a few have national breadth, although most operate at the local grassroots level. They include trade unions, political parties, housewives leagues, education associations, health programs, civic councils, student groups and religious organizations. While the groups often differ sharply on day-to-day priorities because of their differing political philosophies and constituents' needs, they collectively reject apartheid and envision their long-term goal, the building of a peaceful and just society.

A. Characteristics of Community Groups

South Africa's geographic, political and economic diversity is reflected in the diversity of existing community-based groups. As a result, they are difficult to categorize. There are, however, some common characteristics of community-based NGOs in South Africa as identified by the design team. These include:

- 1) There are only a handful of community-based NGOs in South Africa that are operating with annual budgets in excess of \$200,000; most have total budgets of less than half that amount.
- 2) Most of the NGOs are and want to remain "localized", i.e. they see their role as serving their geographically immediate communities and, as such, are not interested in expanding their operations beyond the communities now served. Along the same lines, the grassroots NGOs seem to take pride in their small staff, low salaries and the "shoestring" nature of their operations. Expansion, where contemplated, is planned at a snail's pace.
- 3) The Eastern Cape (Port Elizabeth, East London, Grahamstown), the area of greatest need given its severely depressed economic situation and the trend-setting role it has played in the fight for change in RSA, will be a difficult nut for AID to crack in the short-term. A common denominator of the groups in the Eastern Cape is strong suspicion of USG motives and a reluctance to accept USG funding. This position may be open to change, but only if considerable time and attention are invested in nurturing a trust and understanding of AID and its objectives among the NGOs. This will not happen overnight nor as a result of one or two visits.
- 4) There appears to be a clear overlap between party politics and community development activities, most particularly in Cape province. In fact, several of the newly formed civic associations are actively involved in organizing their communities along street, block and areas lines for UDF political purposes.
- 5) Leadership is often inexperienced and management usually concentrates on responding to day-to-day crises. Nevertheless, almost all of the better established NGOs maintain regular accounts and are audited by professional firms on a regular basis.
- 6) Many of the groups operate at the edge of the law and hence leadership is constantly at risk. All of the NGOs recommended

- In some communities the functions of police, the courts and the sanitation department have been taken over by groups of citizens.
- Community-organized consumer boycotts are effectively crippling retail trade in Port Elizabeth and elsewhere.

While citizens groups have seized the initiative, quickened the pace of change and assumed new responsibility and authority, the struggle to end oppression is hardly near victory. A long, difficult road lies ahead. Grassroots community groups will continue to have a major role in this struggle.

IV. PROJECT DESCRIPTION

The Community Outreach and Leadership Development (COLD) Project is an umbrella-type program in which direct grants will be made to South African community-based non-governmental organizations (NGOs). Beginning this fiscal year and for the next two years, a limited number of such NGOs will be identified for assistance. Selection of these groups will be based on the criteria articulated in Part C below.

COLD directly builds upon AID's South Africa Human Rights Fund. The Human Rights Fund, begun in FY 1984, provides grants to NGOs for programs to promote human rights. The selection criteria are broad. To date, close to \$2 million has been obligated and 250 individual grants signed. Most of the grantees under COLD will have previously received assistance from AID under the Human Rights Fund.

An important aspect of the Human Rights Program is the ceiling of \$10,000 per grant. In enacting the Fund, Congress wanted not only to demonstrate concrete U.S. concern for the fundamental rights of black South Africans, but also to encourage closer contact between the United States and the many anti-apartheid NGOs and individuals in South Africa. To ensure that the Fund reached a broad cross-section of these groups and individuals, the \$10,000 cap was legislated. The Fund has provided AID invaluable information and experience in dealing with South African NGOs. However, the \$10,000 cap has severely hampered assistance to NGOs to support on-going or expanded programs. The \$10,000 limitation of the Human Rights Fund and the growing importance of the grassroots NGOs were key ingredients in the formulation of the COLD project.

In undertaking a project of this kind an obvious question is, what kinds of leaders and programs does one select that will have the

greatest positive impact on South Africa's future society? Is it the highly publicized figure in the press, or the unknown, but equally successful union organizer? Is it a creative women's group or a fledgling pre-school program? Where does the newly qualified computer programmer or entrepreneur or community organizer fit in? For an outside assistance agency the question is not so much who are the leaders, but rather, what are the most effective programs to help develop strong black leadership.

AID is already supporting a major program of formal university level education through external scholarships and internal bursaries to help train future leaders. This project will complement that activity by helping to train the current cadre of community leaders through non-academic and on-the-job training. It will also provide community groups and the leaders that serve them with the wherewithal to undertake programs that can respond to the aspirations and demands of those same communities. Programs and leaders that identify South African short, medium and long-term needs and develop the most effective means of meeting these needs are likely to become the loci of community strength and influence. Such programs are, for the most part, today being managed by a number of NGOs in South Africa.

A. Goal. To promote political and social change in South Africa that leads to an end of apartheid and to a political system based on the consent of the governed.

B. Purpose. To strengthen the leadership and the institutions of the disadvantaged community so they can better respond to the legitimate needs of their constituencies.

C. Selection Criteria

On an annual basis, AID will identify a limited number of grassroots community-based NGOs for grant support under this program. Criteria for the selection of these groups and activities are detailed below.

1. Organizational Criteria

a) Priority should be given to organizations that reflect in nature and intent the objective of ending apartheid and the promotion of a peaceful and just society.

b) Selected organizations should demonstrate a genuine commitment to black participation in decision-making roles at all levels of program management, and should be broadly supported by credible black leadership in the community.

- c) The organizations selected should provide the broadest possible geographic base for the program.
- d) No support shall be given to organizations which are financed or controlled by the SAG.
- e) No political parties will be funded.
- f) Funding shall be limited to organizations deemed financially responsible and having sufficient management capabilities to carry out the activity(activities).

2. Activity Criteria:

- a) Activities which strengthen communities' abilities to address their own needs, and which directly develop the leadership of those communities.
- b) Preference should be given to funding direct program costs and normal administrative costs associated with the program activities supported by AID. Institutional strengthening grants will be encouraged for black-led groups.
- c) Procurement of commodities and services must be directly linked to community impact or leadership development.
- d) Activities receiving support from a variety of sources are preferable to activities where AID is the sole source of funding.

D. Types of Grantees and Programs

This section provides illustrative examples of the types of grantees and programs to be funded under the project. Much the same activity selection process, including application of the above criteria, will be employed in future years. The examples provided are also the groups recommended for FY 1986 AID assistance. Additional assistance to each of these same groups in FY 87-88 is contemplated.

The process of identifying and recommending these groups for assistance involved:

- The advice of the U.S. Embassy in South Africa, contacts with a major U.S. foundation active in South Africa and the views of numerous South Africans.

- The January 1986 work of an AID planning team which, in consultation with the Embassy, recommended the COLD project concept and tentatively identified a number of potential grantees.
- An extensive, April/May design effort which included visits with well over 40 community-based NGOs across South Africa. For each grantee identified below, repeat visits were made by the design team. Also, the organizations were thoroughly checked out for credibility with relevant community leaders.

1. Wilgespruit Fellowship Center (WFC): This Center has been in operation for over thirty years and is given high marks by each of the groups and individuals the team visited for the quality of its programs, its anti-apartheid political stance and its sensitivity to community needs. Wilgespruit is located outside Johannesburg/Soweto and has the widest national outreach of any community group visited by the design team. Although WFC is seen by some as favoring a black consciousness position, the director of the Center is white and both Inkatha and UDF PVO groups participate in WFC activities. WFC is principally a training/service center with a number of different community related programs operating under the Center. It is supported by a number of other donors, including Canada, Great Britain, Sweden, Netherlands, the Ford and Rockerfeller Foundations and numerous church agencies.

A grant to the WFC in the \$750,000 range is proposed to cover the following three activities during an initial 12-month period, with additional, future funding tied to performance:

a) Assistance to help the WFC plan and pilot test a six-month certificate/degree course for community leadership development training (the Ubuntu Social Development Institute). As now planned, the course will include instruction in such subjects as economic development and social systems, small business development, marketing and marketing management, mass-based community organizations, group dynamics, perspectives and strategies for change, labor relations, etc. The course will be designed for community leaders, church officials, social workers, employees of service organizations, volunteers, and activists. Approximately 120 persons will be trained per annum. Assuming that the pilot activity tests successfully, AID would be interested in supporting the actual certification program on the basis of some matching funding formula.

b) Establishment of a "facilitation center" at WFC which will provide sub-grants through the Ukukhanya Trust to up to 15 rural and urban NGOs throughout South Africa. These are NGOs which WFC

has assisted in some fashion for several years. The illustrative list of groups include: St. Joseph's Community Cooperative (N. Transvaal); Soweto Community Social Centre; Black Housewives League (Soweto); Intermediate Small Industries Development Unit (N. Transvaal); Ipelegeng Community Centre (Soweto); Imizamo Yethu Sewing Project (Soweto); Edendale Lay Ecumenical Center (Pietermaritzburg); Helwel (Kwa-Zulu); Gugulethu Clothing Cooperative (Pietermaritzburg); Ngezandla Zethu Handicraft centre (Kwa-Zulu); African Art Center (Pietermaritzburg); Mdukutshani Agricultural Project (Kwa-Zulu); Zoar Community Farm Project (O.F.S.); Vryburg Community Project (N. Cape); Petrusville Community Projects (Cape); Tumelong (S. Transvaal); Tumblewood Toys (E. Cape); Langa Community Programme (E. Cape); and, Odendaalsrust (O.F.S.)

c) Assistance to WFC for an expansion of its on-going programs involving women's, self-help and community organization activities: Self-Help Association for Rural Development (SHADE), which works on self-help and economic development activities in both rural and urban areas and wishes to expand a retail and wholesale marketing services and training program; Agency for Industrial Missions (AIM), working on the problems and issues of labor and migrancy, especially as related to miners; Women's Informal Training Institute (WITI), addressing women's rights issues and planning to expand a program for assisting women hawkers; and, Community Organization Division (COD), focusing on community organization and training and provision of small seed capital funds to grassroot community organizers.

2. Funda Center: Funda is a non-formal education/training center located in Soweto, established in 1983 with the assistance of the Urban Foundation, the German Government and several corporate donors. Its programs are concentrated in four subject fields (adult education, arts, teacher in-service training and teacher assistance), primarily for residents of Soweto. Although originally conceived as a training and educational center for teachers, demands by local community groups greatly expanded the number and kinds of participating organizations. After a uncertain first year, Funda has become an increasingly popular facility for Soweto residents. It will soon outgrow its present physical plant and seek to expand its facilities. When Funda first opened, users numbered in the hundreds, today they are in the thousands. Also noteworthy is the fact that the National Education Crisis Committee, the steering committee for a non-racial national education policy group, holds its meetings at Funda.

An initial grant is proposed for Funda Center activities in the range of \$150,000, with the view that further funding may be made available in future years.

For this fiscal year, AID support would be limited to two activities: first, funds to enable the Center to help design a new leadership training program. The principal features of that program would probably involve specially designed coursework in management plus exposure to successful civic, business and social leaders through travel within South Africa as well as to relevant sites in Africa and elsewhere. At this point, AID is proposing funding for a Funda Center-managed feasibility study and design of such a program. A decision on future AID support would await the outcome of the study.

The second element of a grant to Funda would be to provide funding for an expansion of the activities of selected community-user organizations based at the Funda Center. Specifically, we would concentrate initially on six programs featuring three permanent user groups each at the Center for Adult Education (The Council for Black Education and Research, the Part-Time University Student Association, and CDPA) and at the Arts Center (the Madimba Music Group, the African Institute of Arts, and the Soyikwa Theater Group). A likely mechanism for channeling our support would be through a single grant to a trust administered by the Council for Black Education and Research (CBER). The CBER is headed by Es'kia Mphahlele, who is also chairman of the Funda Center's Board of Directors. The trustees would be advised by representatives of the permanent community user groups and the management of the Funda Center in the allocation of funds among the various activities.

3. The Natal Education Organization of the Institute for Black Research: The Natal Education Organization (NEO) was formed in March 1986 under the auspices of the Institute for Black Research (IBR). The parent organization, the IBR, is located in Durban and has been in existence since 1974; its objectives are to motivate and provide opportunities for black social researchers, analysts and writers. Under its director, Dr. Fatima Meer, the IBR has undertaken several significant research activities.

The NEO was recently formed by a group of community leaders, teachers, church officials, education crisis committee members, SACHED representatives and others, to address current education and community problems in light of the current state of unrest. A management committee has been elected by local branch committees. Though primarily focused on upgrading teachers and providing non-formal educational programs for students, NEO directly promotes community and leadership development in its

decision-making processes. For example, an organizing committee of 21 representatives from a number of black townships made the initial decision to request U.S. assistance and then formulated the goals and objectives of the program. As explanation for its inclusion in the COLD project and to provide some flavor and context of NEO, we have quoted below some sections of the IBR's proposal to AID.

"NEO sees itself as a community-based organization. In the current South African climate any attempt to organize a project from top down is bound to fail. The people see their problems as due largely to the fact that programmes are forced on to them, that they are not involved in decision making. NEO has thus taken several months to get off the ground, and the management committee was elected only after the principle of the project was canvassed in the Townships at meetings of Townships representatives."

"The management committee is representative of Central Durban and three peri-urban African areas, covering the entire Greater Durban Metropolitan region. The Townships and regions currently represented on NEO are Umlazi, KwaMashu, Lamontville, Clermont, Chesterville, Umbumbulu, Ndwedwe, Ntuzuma, Inanda and Imbali. They account for the entire African population in and around Durban and a part of Pietermaritzburg population. However, NEO is already being rapidly forced to extend its area of concern."

"Any community based organization, particularly an alternative or supportive educational programme, is bound to acquire tremendous influence in the Townships and in the rural regions. Education is recognized as the fundamental service. The authorities continue to frustrate the pupils' needs in respect of this and also the parents' committee to find their own resources. In many neighborhoods such committees, with their desperate fund-raising activities, constitute the only meaningful groupings to coordinate and serve such needs."

"NEO sees education as providing the disenfranchised and deprived people of South Africa with the necessary education and expertise to take control of their lives and their country. NEO area committees are seen as local developmental bases, providing the neighbourhoods not only with formal teaching aids, but with ideas and services which invigorate thoughts and courses of action to move the region into a non-racial democratic society." (Emphasis added)

Although the IBR has received assistance from several external sources, including U.S. foundations, the NEO is too new to have any other donors. There is a possibility that corporate and Dutch assistance may become available in the future. An initial grant in the range of \$150-200,000 is proposed to the NEO, with future year assistance dependent upon an assessment of NEO's performance. Although the program will be administered by the NEO, the IBR will exercise financial oversight. The program is in response to strong demands made by NEO's township representatives and is aimed at improving the educational level of African matriculants and upgrading the quality of instruction in secondary school science and math courses. This will entail establishment of a special community-run high school, local resource centers, teacher upgrading and special support classes.

4. Pietermaritzburg/Durban/Consortium

This recently-created consortium would bring together a number of the most important NGOs operating in the Pietermaritzburg/Durban area. These include the Trust for Christian Outreach and Education ("The Trust"), the Pietermaritzburg Agency for Christian Social Awareness (PACSA), the Community Organization Programs (COP) of the Center for Adult Education of the University of Natal/Pietermaritzburg, and the Association for Rural Advancement (AFRA). These NGOs have agreed to work together in an informal consortium arrangement, with "The Trust" as the prime grantee. If the Consortium proves a success, we would encourage other NGOs in Natal to join.

The NGOs included in the Consortium and the program recommended for funding in FY 1986 are described below.

--The Trust for Christian Outreach and Education, from its offices in Pietermaritzburg, would act as a "facilitation center" for three grassroots, community-based groups: The Masifundise Educational Trust, centered in Langa, Cape Town; The Northern Transvaal Project, located in Lenenge; and, the Zingisa Educational Project, in King Williamstown. "The Trust" provides administrative, accounting, fund-raising services to these groups. "The Trust" and the three participating groups are black-led and receive support from U.S. entities such as the Ford Foundation. On-going programs to be supported under the FY 1986 grant include the operation of a community health program in the Northern Transvaal, day care centers, career guidance and counseling, tutorial programs and the operation of educational resource centers for students, literacy training, and high school bursaries.

One of the interesting and noteworthy components of the Trust's bursaries program is the requirement that scholarship recipients

agree to work on projects and programs at the community level in exchange for scholarship support. It should be noted that "The Trust" also administers a university level scholarship program and has submitted an application to the National Advisory Council of the AID-funded Internal Scholarship Program to participate in that AID project. "The Trust" understands that AID will not fund university-level scholarships under the COLD project. The National Advisory Council is aware that AID is considering assistance to "The Trust" for secondary school scholarships.

--The Association for Rural Advancement (AFRA) and The Pietermaritzburg Agency for Christian Social Awareness (PACSA). AFRA was formed in 1979 in response to the massive and continuing hardship imposed on blacks by the SAG program of forced removals. The basic objective of AFRA is to fight forced removals in Natal. AFRA provides legal advice and aid to rural blacks whose rights are threatened in these evictions. It also tries to insure that these removals receive maximum publicity. AFRA shares offices with PACSA. It is a very low budget operation and assistance from AID under the project would permit AFRA to intensify its fight against forced removals and provide more aid to community-based groups threatened by or dislocated as a result of removals.

--PASCA was formed in 1979 to educate and motivate members of the churches in the Pietermaritzburg area toward involvement in the main social issues facing South Africa. PACSA conducts workshops on issues such as poverty and social awareness, education for justice, and social analysis. PASCA also regularly publishes fact sheets on topics such as income distribution, malnutrition and security legislation. The association has become increasingly involved in crisis actions and is looked to by the neighboring communities for assistance, advice and counseling. During the design team's visit to the PACSA office, safe haven was being arranged for a group of "refugee students," i.e. students who were being sought by the SA police and township thugs.

--The Center for Adult Education (CAE), University of Natal, Durban and Pietermaritzburg is a non-state subsidized unit attached to the University of Natal. Under the COLD project, two activities of CAE would receive support.

First, assistance would help finance an education section in the weekly black supplement of "The Natal Witness," an independent Pietermaritzburg daily newspaper. Although the education section does not yet exist, the weekly black supplement now reaches over 50,000 black readers. The CAE, with the support of nine community groups, including Black Sash, Natal Organization of Women (NOW), South African Institute of Race Relations (SAIRR), AFRA and PACSA, would develop and contribute to the education section. A wide

range of non-formal and practical education topics would be prepared and circulated to township groups. This is an attractive opportunity for AID since it will a) provide low-cost educational material to a large number of disadvantaged persons, b) serve as a community "bulletin board", and c) pull together several small organizations in Pietermaritzburg active in human rights, education and community leadership training. There is obvious potential for replication in other parts of South Africa.

The second part of AID assistance to CAE would be in the form of bursaries for blacks to participate in non-degree programs in the CAE Community Organization Program in both Pietermaritzburg and Durban. The Community Organization Program is a division of the CAE, established in 1982, to provide educational support to blacks engaged in community development and adult education. Courses include "The Organization in the Community", "Simple Bookkeeping," "Non-formal Education" and workshops in subjects such as fund-raising, preparation of project proposals and media management.

A grant to the consortium is being proposed in an amount of approximately \$250,000. Future year funding will be dependent upon performance.

5. Other Groups

In addition to the illustrative groups selected above, there are several other candidates for future year funding. For differing reasons none appear to be viable alternatives for funding this year. These candidates are discussed below:

-- Western Cape Facilitation Center: This is a controversial activity, because of the high degree of political polarization within the Western Cape's disadvantaged community. Although USAID/South Africa is very interested in directly supporting an activity in this area (indirectly, we will support several activities through the Wilgespruit "facilitation center"), several important questions remain unanswered, including whether the facilitation center has sufficiently broad community support and whether the participating community groups can deal with their conflicting interests within a facilitation center framework.

To date, the catalysts for the Center appear to be a very limited number of community leaders and the US Consulate Cape Town. While we strongly support the concept of the Center, funding is not proposed until the user community groups in the Western Cape are fully committed to its establishment, a Council of user group representatives is in place and a director has been selected by and is responsible to the Council. Alternatively, if the

political situation is such that the facilitation center concept is inappropriate, AID would be prepared to deal directly with one or more of the groups that have expressed interest in the center, e.g. Grassroots/ELRU, AGAP, etc. However, USAID/South Africa feels that since the facilitation center concept has been embarked upon, we should honor that effort and see it through to conclusion.

-- Diakonia is a modest-sized organization which appears to have almost universal support among almost all elements of the disadvantaged community. Diakonia, something of a 'Wilgespruit of Durban,' was established in 1976 by a group of eight churches to "activate" church members in response to apartheid. Diakonia runs leadership training programs, fights "black spot" removals (concentrations of blacks living near white areas scheduled for eviction and forced placement elsewhere) and provides advice and referral services to groups and individuals in times of crises.

Although its work is far reaching, Diakonia operates on a small budget -- less than \$100,000 last year. This figure includes the salaries of its staff (11 full-time members), printing costs, office space, and other administrative costs.

-- Black Sash (Port Elizabeth) and AFESIS (East London) are both crisis response organizations that are heavily involved in assistance to community groups and individuals that are being prosecuted or persecuted for violation of apartheid laws. Both groups have great credibility in the townships in those cities. Initial resistance to receiving U.S. funds may be overcome in the future, but this makes FY 86 funding unlikely.

VI. COST ESTIMATES AND FINANCIAL PLAN

Obligations under the project will be made over a three-year period (FY 86-88) and will total \$6 million. The PACD will be 1990, to allow for implementation of grants obligated in FY 1988. Cost estimates are illustrative and preliminary, since for FY 1986, final budget negotiations with prospective South African grantees will not take place until July, and for future years we do not as yet have firm indications as to possible grantees.

The summary cost estimate table below shows the proportion of funding allocated among grants and technical assistance, for the three obligation years. The second table illustrates funding allocated by major categories of assistance--program costs, administrative costs, technical assistance, and contingency/inflation. Program costs include costs directly attributable to activities supported under each grant activity. and commodities (e.g., training materials to be developed).

Administrative costs, on the other hand, will support grantee home office operations--e.g., staff costs, general office support, and purchase and maintenance of office equipment.

The technical assistance line item includes: periodic contractor support to grantees for improvements in accounting practices, management, and internal evaluation; contract assistance for semi-annual and annual evaluation, both of individual grantees and of the overall project; financial program management; and technical support to grantees as required.

TABLE 1

SUMMARY COST ESTIMATE
AND FINANCIAL PLAN
(\$000's)

	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
1. NGO Grants	1,350	1,750	2,100
2. Technical Assistance	50	150	150
3. Contingency/Inflation	<u> </u>	<u>200</u>	<u>250</u>
TOTAL	1,400	2,100	2,500

VI. IMPLEMENTATION PLAN

A. AID Administrative Arrangements

USAID/South Africa will have full management responsibility for all activities under the project, and will assign a project officer to monitor progress of local grants. In addition, the mission director will have available to him technical assistance, to be funded by the project, for monitoring of grantee financial and audit-related performance. This is appropriate, in view of the relative inexperience in auditing procedures of some of the groups AID is likely to be dealing with.

Project funds also will support short-term, locally contracted technical assistance to grantees for improving such things as bookkeeping practices, internal monitoring and evaluation, and overall management systems. AID/W TDY help, principally from the South Africa desk and AFR/PD, also will be on call to the mission as needed, for backstopping of individual grantee programs and development of new grants. The primary AID/W backstopping office for this project will be AFR/PD, with the support of AFR/SA.

AID financial management will be handled by the Regional Controller's office in Swaziland, which will arrange disbursement and vouchering procedures with USAID/South Africa and local grantees. The Regional Controller in Swaziland or his designee will conduct pre-award examinations of individual local grantee bookkeeping and accounting practices, and will certify, in accordance with requirements set out in HB 13, chapter 1, that the prospective grantee can responsibly administer and implement USG funding.

RLA/Swaziland will review and approve the text of all grant agreements before they are signed, and also will perform 802-C certifications for each grant. REDSO/ESA will provide contract officer assistance in drafting grant agreements as necessary.

B. Chronology of Major Project Activities

Major activities under the project will unfold approximately as follows:

1986

-- June. Project reviewed, approved and authorized in AID/W.

-- July. Mission to negotiate and sign grants with community-based groups.

-- Late July/August. Regional controller in Swaziland or his representative examines bookkeeping and accounting practices of prospective grantees, and certifies that each has the capacity to responsibly administer and use AID funds.

-- August/September. USAID/South Africa negotiates and signs grant agreements with local groups. N.B.: Future activities may be negotiated as cooperative agreements or contracts, if judged the most appropriate contracting mode.

-- October. Discussions begin with potential second-year grantees. Possible TDY assistance from AID/W.

-- December. Second-year proposals from local South African groups submitted to USAID/South Africa. These may include follow-on proposals from first-year grantees. Again, because of political sensitivities, AID/W reviews profile of all prospective grantees, prior to formal review of proposals by Mission. Assumption is that by December, Mission will be fully staffed and capable of conducting formal review process.

1987

-- April-June. Additional second-year proposals from local groups received and reviewed in the field. Approved grants signed by August.

-- May-July. Evaluations of local grantee performance, preparatory to decisions on funding of follow-on proposals, to be conducted by AID and contract personnel.

-- June-July. First set of second-year grants to local community-based organizations negotiated and signed in the field.

-- September. Evaluation of overall project progress and management, conducted by contract and AID TDY personnel.

1988

The grant selection process as well as procedures for evaluation are repeated for third year of project. Yearly evaluation of individual grantees performed throughout life of project.

C. Subgrant Procedures

1. Requirements for Competition. In accordance with Handbook 13, chapter 1B2(e), and as part of the project authorization package, AA/AFR will be asked to designate the USAID/South Africa director as the person to approve limitation of competition for grants under this project. It is expected that the main criterion for limiting competition will be the Mission's judgment that the entity is unique or is most appropriate to undertake the subactivity in question (criterion number 3, chapter 1B2(e) in Handbook 13). The director's approval will be obtained as each grant is approved.

2. FAA Section 611(a). Requirements for 611(a) are met through inclusion in this Project Paper of: criteria for selection of grantees and activities, as laid out in Section IV; descriptions and cost figures for an illustrative set of grants to be awarded during year one of the project (Section IV); and spelling out of a procedure for reviewing and approving grants, per paragraph A above of this implementation plan. In addition, each approved grant proposal will include detailed descriptions of specific activities and a detailed budget and financial plan.

3. Subactivity obligation authorities. In accordance with Redlegation of Authority No. 149.1.1 from AA/M, effective June 1, 1985, the USAID/South Africa Director will have authority to execute grant agreements with local South African groups in amounts not exceeding \$5 million per grant and cooperative agreements not exceeding \$100,000 each. Signature of grants and cooperative agreements above these amounts will require an ad-hoc delegation of authority from AA/M or signature by a grant officer possessing the requisite amount of grant authority.

4. Procurement. All procurement under this project will be in compliance with Executive Order 12539 of September 9, 1985. AA/AFR will be asked to authorize Geographic Code 000 (U.S.) procurement and local cost financing up to the totality of the project's LOP cost. Practically, this means that grantees under the project will be able to purchase commodities and services locally, using local currency, in unlimited quantities, so long as commodities and services have their source/origin in South Africa or are imported shelf items of Code 941 origin. For locally available items having their origin in Code 899 countries (Free World, less host country), shelf item procurement will be available up to \$250,000 for the overall project.

A waiver of the \$250,000 shelf item limit is not being sought at the present time, since it is too early to predict precise origin of commodities to be procured. It is also assumed that over the next few months the AID Director will receive standard waiver authority, which could be used if total shelf item procurement exceeds the \$250,000 limit.

AID normally obtains an exemption from the host country from the requirement to pay a variety of incidental taxes--e.g., sales taxes, VAT, or customs duty on imported commodities. Since it is not appropriate for AID to enter into agreements with the SAG, a small amount of AID funds may be used for payment of incidental taxes. An across-the-board approval for payment of such taxes for AID projects in South Africa was authorized in the Labor Union Training for South Africans project (690-0223), and will apply for this project as well.

D. Evaluation Plan

Regular monitoring of the activities of community-based grantees will be accomplished by the Mission project officer through reviews of grantees' reports and vouchers, periodic visits to project sites and consultations with grantee officials. Formal evaluation of project activities will take place as follows:

-- After about nine months of grant activities (about May 1987), an assessment of the progress of first-year grantees will be carried out by the mission with assistance from contract and/or AID/W personnel.

-- A broader evaluation of overall project progress and management will be undertaken at the end of one year (about September 1987) by contract and AID/W TDY personnel in collaboration with the Mission and grantees.

These mid-year and end-of-year evaluation procedures will be repeated in each year of project implementation.

LOGICAL FRAMEWORK

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Life of Project: _____
 From FY _____ to FY _____
 Total U.S. Funding _____
 Date Prepared: _____

Title & Number: **COMMUNITY OUTREACH AND LEADERSHIP DEVELOPMENT 674-0301**

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Overall Goal: The broad objective to which this project contributes: (A-1)</p> <p>to promote political and social change in South Africa that leads to an end of apartheid and to a political system based on the consent of the governed.</p>	<p>Measures of Goal Achievement: (A-2)</p> <p>Progress is made towards achieving at least some of the following objectives:</p> <ol style="list-style-type: none"> 1. Enhancement of black leadership capability in selected South African communities/organizations. 2. Wider dissemination of black-held positions/policy among South African decision-makers. 	<p>(A-3)</p> <p>Opinions of key black community and organizational leaders</p>	<p>Assumptions for achieving goal target:</p> <p>Political situation South Africa permits a path of peaceful change at community level.</p>

Best Available Copy

LOGICAL FRAMEWORK

Line of Project
 From FY ... to FY ...
 Total U.S. Funding
 Date Prepared: _____

Number: _____

NARRATIVE SUMMARY

(B-1)

strengthen the leadership and the institutions of the disadvantaged community enabling them to better meet the needs of their constituencies.

OBJECTIVELY VERIFIABLE INDICATORS

Conditions that will indicate purpose has been achieved: End-of-Project status. (B-2)

1. Increased participation in civic activities by population of selected black communities.
2. Communities better able to formulate, articulate, and manage programs and policies which best meet their needs.

MEANS OF VERIFICATION

(B-3)

Black communities being served by effective and vocal leadership.

 Assessments of community activities.

IMPORTANT ASSUMPTIONS

PAGE

Assumptions for achieving purpose: (B-4)

SAC permits U.S. assistance to selected private community groups.

 Private groups are able to carry out community and leadership development functions in black areas.

Best Available Copy

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: _____
From FY _____ to FY _____
Total U.S. Funding _____
Date Prepared: _____

Title & Number: _____

DESCRIPTIVE SUMMARY

(Outputs: (C-1))

Planned outputs of each AID grant will be defined through AID grant agreements.)

OBJECTIVELY VERIFIABLE INDICATORS

(C-2)

Illustrative outputs:

No. of new leadership training programs launched.

No. of black leaders assisted through leadership training programs.

No. of community organizations strengthened and better equipped to serve client communities.

No. of community groups directly assisted through AID funding or indirectly through subgrants from AID grantees.

MEANS OF VERIFICATION

(C-3)

Periodic reports by grantees.

Visits to project sites by staff of USAID/Pretoria.

Project evaluation.

IMPORTANT ASSUMPTIONS

Assumptions for achieving outputs:

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PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY _____ to FY _____
Total U.S. Funding _____
Date Prepared: _____

Title & Number: _____

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Inputs: (D-1)</p> <p>Grants to between South African organizations/community groups.</p> <p>Technical assistance management and technical (ort, evaluation)</p>	<p>Implementation Target (Type and Quantity) (D-2)</p> <p><u>FY86</u>: \$1.35 million in funding for approximately four South African community organizations.</p> <p><u>FY87</u>: \$2.2 million for continuation of some FY86 activities and for grants to new groups, plus T.A.</p> <p><u>FY88</u>: \$2.5 million for continuation of some previously funded activities and for grants to new groups, plus T.A.</p>	<p>(D-3)</p> <p>Grant agreements and other obligating documents negotiated and signed.</p> <p>Contractor T.A. reports submitted to USAID/Pretoria.</p>	<p>Assumptions for providing inputs: (D-4)</p> <p>Grantees identified with requisite management and financial capabilities receive AID funds.</p>

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5C(2) PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only: B.1. applies to all projects funded with Development Assistance loans, and B.3. applies to projects funded from ESP.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

- (1) Assistance is not to government of South Africa.
(2) Yes.

A. GENERAL CRITERIA FOR PROJECT

1. FY 1986 Continuing Resolution Sec. 524; FAA Sec. 634A.

Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project.

A CN will be submitted by June 15, 1986.

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

- (a) Yes.
(b) Yes.

3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

Not required.

4. FAA Sec. 611(b); FY 1986 Continuing Resolution Sec. 501. If for water or water-related land resource construction, has project met the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See AID Handbook 3 for new guidelines.)

N/A.

5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project?

Construction costs for various subgrants, when totalled together, are not expected to exceed \$1 million. If downstream a determination is made otherwise, a 611(e) certification will be performed at that time.

6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.

No. The project is focused exclusively on disadvantaged South Africans.

7. FAA Sec. 601(a). Information and conclusions whether projects will encourage efforts of the country to:
(a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

The project will foster private initiative and competition among community-based participants.

8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

Project will be implemented by indigenous South Africa non-governmental organizations.

9. FAA Sec. 612(b), 636(h); FY 1986 Continuing Resolution Sec. 507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

~~U.S. does not own excess local currency.~~

10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No.

11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes.

12. FY 1986 Continuing Resolution Sec. 522. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

N/A

13. FAA 118(c) and (d). Does the project comply with the environmental procedures set forth in AID Regulation 16. Does the project or program take into consideration the problem of the destruction of tropical forests? Yes.
14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)? N/A.
15. FY 1986 Continuing Resolution Sec. 533. Is disbursement of the assistance conditioned solely on the basis of the policies of any multilateral institution? No.
16. ISDCA of 1985 Sec. 310. For development assistance projects, how much of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)? 315 N/A

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance
Project Criteria

N/A. Project is
ESF-funded.

a. FAA Sec. 102(a), 111,
113, 281(a). Extent to
which activity will (a)
effectively involve the
poor in development, by
extending access to
economy at local level,
increasing
labor-intensive
production and the use of
appropriate technology,
spreading investment out
from cities to small
towns and rural areas,
and insuring wide
participation of the poor
in the benefits of
development on a
sustained basis, using
the appropriate U.S.
institutions; (b) help
develop cooperatives,
especially by technical
assistance, to assist
rural and urban poor to
help themselves toward
better life, and
otherwise encourage
democratic private and
local governmental
institutions; (c) support
the self-help efforts of
developing countries; (d)
promote the participation
of women in the national
economies of developing
countries and the
improvement of women's
status, (e) utilize and
encourage regional
cooperation by developing
countries?

- b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?
- c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?
- d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed country)?
- e. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

- f. FAA Sec. 128(b). If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?
- g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government.

N/A.

2. Development Assistance Project
Criteria (Loans Only)

- a. FAA Sec. 122(b).
Information an conclusion on capacity of the country to repay the loan, at a reasonable rate of interest.
- b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan?

3. Economic Support Fund Project
Criteria

- a. • FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of part I of the FAA?
- b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities?
- c. ISDCA of 1985 Sec. 207. Will ESF funds be used to finance the construction of, or the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified

Project will enhance political and social opportunities of community-based participants.

No.

No.

that such country is a party to the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty for the Prohibition of Nuclear Weapons in Latin America (the "Treaty of Tlatelolco"), cooperates fully with the IAEA, and pursues nonproliferation policies consistent with those of the United States?

- d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

N/A.

5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?

Statutes and regulations will be complied with.

2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him??

Yes.

3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

Yes.

4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

N/A..

5.

FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries which receive direct economic assistance under the FAA and which are otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one of these areas? Do these countries permit United States firms to compete for construction or engineering services financed from assistance programs of these countries?

No.

6.

FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

Cargo preference requirements will be complied with.

7.

FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

Yes.

8. International Air Transportation Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes.

9. FY 1986 Continuing Resolution Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

Contracts will include such a provision.

B. Construction

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used?

No. All construction services are expected to be procured locally.

2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

Yes.

3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP)?

N/A..

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N/A.

2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A.

3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes.

4. Will arrangements preclude use of financing: Yes to all items.
 - a. FAA Sec. 104(f); FY 1986 Continuing Resolution Sec. 526. (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo

sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion?

- b. FAA Sec. 488. To reimburse persons, in the form of cash payments, whose illicit drug crops are eradicated? Yes.

- c. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? Yes.

- d. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes.

- e. FAA Sec. 662. For CIA activities? Yes.

- f. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes.

- g. FY 1986 Continuing Resolution, Sec. 503.
To pay pensions, annuities, retirement pay, or adjusted service compensation for military personnel? Yes.
- h. FY 1986 Continuing Resolution, Sec. 505.
To pay U.N. assessments, arrearages or dues? Yes.
- i. FY 1986 Continuing Resolution, Sec. 506.
To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending)? Yes.
- j. FY 1986 Continuing Resolution, Sec. 510.
To finance the export of nuclear equipment, fuel, or technology? Yes.
- k. FY 1986 Continuing Resolution, Sec. 511.
For the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? Assistance will not be provided to the government of South Africa.
- l. FY 1986 Continuing Resolution, Sec. 516.
To be used for publicity or propaganda purposes within U.S. not authorized by Congress? Yes.

INITIAL ENVIRONMENTAL EXAMINATION

OR

CATEGORICAL EXCLUSION

Project Country: South Africa

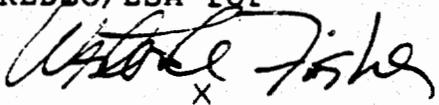
Project Title: Community Outreach and Leadership Development (674-030)

Funding: FY86: \$1.35 million (ESF)
LOP: \$6 million (ESF)

Categorical Exclusion
Prepared by: AFR/PD/SAP,
Mary Ann Riegelman

This project is an umbrella-type activity, which will fund subgrants to local South African NGOs. The majority of grants are not expected to involve construction. These meet the criteria for a Categorical Exclusion in accordance with section 216.2(c)(2)(i) and (xiii) because supporting project funds will finance such activities as leadership training, adult education, and small business management.

A limited number of grants may involve construction of small community centers. IEE's will be prepared for each such grant proposal and reviewed by the regional legal advisor, at the time of proposal submission, and will be submitted to the Regional Environmental Officer in Nairobi REDSO/ESA for clearance.

APPROVED 
(ACTING) Bureau Environmental
Officer, AFR/TR/SAP

DISAPPROVED _____

DATE June 19, 1986Clearance: GC/AFR ANV Date 7/1/86

Drafted: AFR/PD/SAP, MARIegelman, #2706L

MEMORANDUM

TO: DAA/AFR, Larry Saiers

FROM: GC/AFR, Mary Alice Kleinjan

Re: South Africa - Section 802(c) of the International Security and Development Cooperation Act

Date: May 28, 1986

Problem: You have requested general guidance as to what type of activities may and may not be financed in South Africa under the above statute.

Conclusion:

Section 802(c) applies only to FY 1986 and 1987 ESF funds used for education or training programs in South Africa. It poses four general tests, all of which must be satisfied: (1) is a program conducted by or through a particular organization; (2) is this organization financed or controlled by the South Africa government ("SAG"); (3) does the program's organizational sponsorship reflect the objective of a majority of South Africans for an end to apartheid; and (4) does the program's character reflect the objective of a majority of South Africans for an end to apartheid?

The most important tests are probably the first two tests, and the second two tests are related to them. Within each test, it is not possible, as a legal matter, to identify in advance any one item that makes an organization or program acceptable, or to identify all of the items that make them unacceptable. All of the relevant factors should be balanced for each test, particularly in light of the statute's purposes, which are avoiding the perception that the US government is cooperating with SAG, and avoidance of a situation where SAG effectively directs the use of AID funds in a manner antithetical to the elimination of apartheid. A number of factors can be identified, however, which may be likely to recur, which would tend to make an organization or program unacceptable unless strongly outweighed by other factors, especially in light of the statute's purposes.

The statute and its legislative history provide little guidance as to Congressional intent. For this reason, and because of substantial Congressional concern over the South Africa program, you may want to consult with Congress more closely as to their intent. You may also find Congressional interest in criteria that are narrower than would appear to be required by the face of the statute. As a policy matter, you may also wish to identify particular items that would render an organization or program unacceptable, irrespective of their status under section 802(c), or to delineate criteria which are narrower than may be permitted by the statute.

Discussion:

Section 802(c) of AID's current authorization bill, the International Security and Development Cooperation Act of 1985, states that

"SOUTH AFRICA EDUCATIONAL TRAINING PROGRAMS. - Funds available to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 for fiscal year 1986 and fiscal year 1987 which are used for education or training programs in South Africa may not be used for programs conducted by or through organizations in South Africa which are financed or controlled by the Government of South Africa, such as the 'homelands' and 'urban council' authorities. Such funds may only be used for programs which in both their character and organizational sponsorship in South Africa clearly reflect the objective of a majority of South Africans for an end to the apartheid system of separate development. Nothing in this subsection shall be construed to prohibit programs which are consistent with this subsection and which award university scholarships to students who choose to attend a South African-supported university."

This statute applies only to FY 1986 and 1987 ESF funds that are used for education or training programs in South Africa. Non-ESF funds, funds from fiscal years other than 1986 and 1987, any funds used for purposes other than education or training programs, or FY 1986/87 ESF funds used for education or training programs outside South Africa, are all examples of funds that are not subject to this statute. The first step, then, is to ascertain whether the funds involved and their proposed use trigger the statute. However, even if as a legal matter section 802(c) does not apply (for instance, if non-ESF funds are involved), you may want to consider applying it as a policy matter.

The two major purposes of the statute appear to be avoiding the perception that the US government is assisting SAG, and avoidance of a situation where SAG effectively directs the use of AID funds in a manner antithetical to the elimination of apartheid. There is, however, little legislative history which amplifies its intended purpose and scope. The first two sentences were proposed by the House Foreign Affairs Committee Africa Subcommittee for inclusion in the FY 1984/85 authorization bill (HR 2992), but this was not enacted into law. The related Senate bill (S. 1347), also not enacted, contained language permitting internal scholarships directly to students, and the Senate Foreign Relations Committee report (No. 98-146, May 23, 1983, p. 50) indicated that they could be administered by organizations with existing scholarship programs, such as the Educational Opportunities Committee, the South Africa Institute of Race Relations and NAFCOC. Section 1002 of the 1984 State Department authorization bill, creating a special South Africa human rights fund for FY 1984 and 1985, prohibited grants to "governmental institutions or organizations or to organizations financed or controlled by" the South African government. Particular examples of organizations and programs that Congress has specifically been aware of under this statute, and approved or disapproved, may be helpful in interpreting section 802(c).

Section 802(c) contains four key tests, all of which must be satisfied:

- is the program conducted by or through a particular organization,
- is this organization financed or controlled by SAG,
- does the programs's organizational sponsorship reflect the objective of a majority of South Africans for an end to apartheid, and
- does the program's character reflect the objective of a majority of South Africans for an end to apartheid?

These test are substantially intertwined, although the first three place more emphasis on organizations (especially the implementing organization), and the fourth places more emphasis on the overall nature of the program. While the first two tests are the most important ones, all four must be met. As a legal matter, it is not possible to identify, in the abstract, detailed items which, if met, would definitively establish that an organization or program

satisfies each of these four requirements, or to identify all of the detailed items which would disqualify them. This is particularly true because of the rapidly changing circumstances and public perceptions in South Africa, and because of the importance of local credibility to compliance with this statute. Rather, in case of a question as to whether an organization or program fails to meet one or more of these requirements, all of the factors bearing on that requirement should be examined in light of the statute's purposes. A legal opinion, with detailed supporting facts, should be prepared at the time that each such specific activity is approved. Within this framework, however, a number of factors can be identified which are likely to recur. Certain of these factors may create the presumption that an organization should be disqualified unless they are outweighed by other factors, considered in light of the statutory purposes. In certain instances, the presence of one factor alone may not be sufficient to disqualify an organization, but the totality of a number of them may do so.

Financed or Controlled by

"Financing" of an organization (by SAG) can take many forms, including in-kind contributions such as free rent. Also, any government has a certain degree of control over any entity within its borders, by virtue of taxing and regulatory powers, power to close it down or rescind registration of the entity, etc. A reasonable reading of section 802(c) does not indicate that it intends to proscribe assistance through an organization which receives even the slightest amount of SAG financing or is subject to even the slightest amount of SAG control. To do so would render essentially every organization ineligible, as the above examples indicate. Additionally, the examples of proscribed entities contained in the statute, homelands and urban council authorities, are ones which have substantial SAG financing and control. Because section 802(c) lists these organization as its examples of ones financed or controlled by SAG, a major indicator as to whether an organization is proscribed under this part of the test is whether it is financed or controlled to a similar degree.

One recurrent factor as to whether an organization is "financed" by SAG is the percentage of its financing that comes from SAG. While as a strictly legal matter there is no absolute percentage that disqualifies an organization, the higher the percentage the greater the presumption is that it should be disqualified. Being located on SAG property (which if rent-free would be an in-kind contribution) may create a greater public identification of an organization with SAG than some other types of contributions. However, if an

organization receives free space on a SAG university campus, but nothing else, and has the capacity to move elsewhere if SAG attempts to influence it (albeit to more modest quarters) and in fact is not controlled by this contribution, the fact of free rent should not disqualify it under the second of the statute's purposes. Whether location on SAG property leads to a local black perception that AID is providing assistance to SAG, or whether SAG will "receive credit" for the program, disqualifying it in light of the other statutory purpose, can best be demonstrated by the views of credible local black leaders.

Whether an organization is "controlled" by SAG also depends upon all of the relevant facts. Whether it is organized as a private, non-governmental organization is one factor; organization as a governmental entity would disqualify it. Whether the board of directors, president, and other key personnel are SAG employees, and if so whether they are involved in the organization in this capacity, is a second factor. If a substantial number of them are involved in their capacity as SAG employees, this would tend toward a conclusion of SAG control.

By or through an organization

There is also a question as to how remote a connection with a SAG controlled or financed organization triggers section 802(c)'s prohibition. Section 802(c) raises this matter by two different phrases. It proscribes use of funds for programs "conducted by or through" organizations financed or controlled by SAG, and it also stipulates that funds may only be used for programs "which in their . . . organizational sponsorship in South Africa" clearly reflect the objective of a majority of South Africans for an end to apartheid. By way of example, the statute explicitly permits AID to provide scholarships to individual students selected and administered by non-SAG institutions to permit the students to attend a SAG-affiliated university if they choose. Other areas where questions might arise could be assistance to a private tutoring program to enrich black students, who should then do better in SAG schools; assistance to a private teacher enrichment program, to enable teachers to better teach black students in SAG schools; and assistance to a private group to purchase and place books in black SAG schools.

It is clear that the organization with which AID signs a grant agreement must not be financed or controlled by SAG. Secondly, AID funds should not go directly to a SAG institution, just as scholarship funds do not currently go directly to SAG affiliated universities. Thirdly, based in part on the one specific statutory example of scholarships,

it appears that there should be a point of real benefit, which in AID's target, at least one step removed from the SAG institution. In the scholarship case, the students, not a SAG university, benefit from the scholarships. In the case of teacher enrichment, presumably AID's focus and the initial point of real benefit would be the teachers, one step removed from the schools. Additionally, some enriched teachers would be able to tutor outside of their jobs in the SAG schools, and some might teach in private schools. It would be difficult to conclude that assistance to an entity for placements of books directly in SAG schools would be acceptable, since it is unlikely that there would be a point of benefit prior to augmentation of the SAG institution's library. Within these limitations, in a questionable case, a program's closeness to a SAG institution (at least one step removed) should be evaluated in light of section 802(c)'s purposes to determine whether activity is proscribed under this portion of the statute.

Section 802(c) also requires that a program's character and organizational sponsorship reflect the objective of a majority of South Africans for an end to apartheid. As indicated above, these tests are closely intertwined with whether the organization is financed or controlled by SAG, although the tests here have perhaps more of a positive focus while the first two tests have more of a negative focus. It is more difficult to identify concrete factors here than for the first two tests, and there is little guidance from statutory examples or legislative history. However, the additional analysis because of these requirements should examine whether (1) the organization's stated purpose, (2) the organization's overall activities and (3) this particular activity reflect the objective of a majority of South Africans for an end to apartheid. A stated purpose of an end to apartheid would be a strong indicator that an organization meets this test. However, there are likely to be many more organizations whose stated objectives are more generally humanitarian, but whose activities reflect the required purpose. While it is not possible to draw a clear line, the greater the pattern of this activity the greater the organization's acceptability would be. Perhaps the most important factor (which, however, is also relevant to the statute's first two tests), is the perception of the local black community that the organization and program are credible and clearly reflect the objective of an end to apartheid. The best evidence to document this may well be the views of credible black South African leaders.

This memorandum analyzes section 802(c) from a strictly legal view. You may also want to further delineate limits of acceptability, as a policy matter, including specific

indicators which would disqualify an organization or activity, irrespective of any other factor. The existence of a rapidly changing environment is, of course, a drawback to the approach of setting, as a policy matter, very specific criteria.

cc:

AFR/PD:LHausman

AFR/PD/SAP:WStickel

AFR/SA:RCarlson

RLA/SA:ESpriggs

AA/Pretoria:JPhilpott