

PD-AB 5-940



United States Agency for International Development

Contract Information Management System (CIMS)

DIRECT ACTION DATA FORM FOR GRANTS & COOPERATIVE AGREEMENTS

1. Basic Award Number 674-0301-G-SS-4052-00

2. Recipient Name African Aid Centre

3. Award Description (This description will be seen by high level Agency officials, as well as members of Congress.) The recipient shall develop a voter education training program for rural KwaNdebele and the North Eastern Transvaal.

4. Principal Place of Performance

South Africa

5. Benefiting Country

South Africa

6. Project Officer

Office Symbol

Name (Last, First)

CDD/GDO/USAID South Africa

Nkhereanye, Phatang

7. Grant Agreement Type

- Disaster Assistance, American Schools & Hospitals Abroad (ASHA), Other Than Those Listed Above, Title XII Authority

8. Basic Purpose

- Tech. Services to Host Country, Commodities, Train. Services to Host Country, Research, Arch. & Engineering Services, Construction

7a. Extent Competed

- Competed by the Technical Office, Competed by the Contracting Office, Not competed (unsolicited proposal), Not competed (predominant capability, etc.)

9. Taxpayer Identification Number

X

10. Business Organization Type

- Corporation, Individual, University or College, Historically Black College or University, Educational Organization, International Center, Research Organization, Voluntary Organization, Foundation, Hospital, Hispanic American College or University, Other

11. If U.S. University, Host Country Institution

12. If obligated amount is in local currency, provide U.S. Dollar amount

\$52,000

13.a. Negotiator (Last, First, MI)

Nkhereanye, Phatang R.

13.b. Signature

[Handwritten signature]

14.a. Contract Officer (Last, First, MI)

Dean, Leslie A.

14.b. Signature

[Handwritten signature]

COPY OF AWARD DOCUMENT MUST BE ATTACHED TO THIS FORM

PL-ABS-940

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/SOUTH AFRICA



Tel: (012) 323-8869

P.O. Box 55380
Arcadia, Pretoria 0007

Fax: (012) 323-6443

1994 -03- 18

Mr Philip Mndau
African Aid Centre
P O Box 310
Ekangala
1021

Subject: South Africa Community Outreach Leadership Development (COLD) Project; Grant Agreement with African Aid Centre (AAC); Agreement No. 674-0301-G-SS-4052-00

Dear Mr Mndau:

Pursuant to the authority contained in the South African Democratic Transition Support Act of 1993, the Agency for International Development (hereinafter "USAID") hereby enters into this Grant Agreement (hereinafter "Agreement" or "Grant") with African Aid Centre (hereinafter "AAC" or the "Grantee") and obligates the sum of \$52,000 to provide support for a program described in Attachment 1, entitled "Schedule," and Attachment 2, entitled "Program Description," of this Agreement.

This Agreement is effective and obligation is made as of the date this letter is signed by an authorized USAID representative. The Agreement and obligation shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning on the effective date of this letter and ending August 31, 1994. In addition, USAID agrees to reimburse eligible and allowable program costs incurred on February 1, 1994, through the effective date of the proposed grant for salaries, travel, and administrative support costs in an amount not to exceed R20,000.

This Agreement is entered into with the Grantee on the condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, "Schedule," Attachment 2, "Program Description," Attachment 3, "Standard Provisions," Attachment 4, "Disbursement of and Accounting for Agreement Funds," Attachment 5, "A.I.D. Geographic Code 935 List," Attachment 6, "Guidelines for Financial Audits Contracted for by Foreign Recipients," and

Attachment 7, "Grantee Certifications". This letter and the seven attachments just described, which have been agreed to by your organization, constitute the Agreement.

We request that you and a member of the Board of Trustees of the African Aid Center sign the original and one (1) copy of this letter and then return the original to USAID/South Africa. Also, please sign and return to USAID/South Africa the Grantee Certifications found in Attachment 7.

Sincerely,

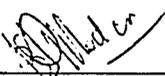


Leslie A. Dean
Director, USAID/SA

Date: March 14, 1994

ACKNOWLEDGED AND ACCEPTED

African Aid Centre


By: Philip Mndau

Title: Co-ordinator

Date: 17 MARCH 1994

By: A.T. Oliphant

Title: Chairman

Date: _____

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions and Additional Provisions as Applicable
4. Disbursement of and Accounting for Agreement Funds
5. A.I.D. Geographic Code 935 List
6. Guidelines for Financial Audits Contracted for by Foreign Recipients
7. Grantee Certifications (Grantee Signatures Required)

ATTACHMENT 1
SCHEDULE

I. OVERVIEW OF AGREEMENT

The Grant will provide assistance to educate a portion of South Africa's newly enfranchised population on how to vote. Implementation of the Grant activity entails training 350 community members of rural Kwa-Ndebele and the North Eastern Transvaal in voter education. A select group of these trainees will be invited to lead training sessions for other community members throughout the target area. The remaining trainees will be invited to serve as fieldworkers to act in a more supportive capacity for those selected to hold training workshops.

II. PERIOD OF AGREEMENT

The effective date of this Agreement is the date the cover letter is signed by an authorized USAID representative. Unless otherwise agreed to by USAID in writing, the expiration date is August 31, 1994, meaning that no USAID funds under this Agreement shall be applicable to goods not furnished or services not performed for the program by this date. In addition, USAID agrees to reimburse eligible and allowable program costs incurred on February 1, 1994, through the effective date of the proposed grant for salaries, travel, and administrative support costs in an amount not to exceed R20,000.

III. AGREEMENT FUNDING AND PAYMENT

- A. USAID hereby obligates the amount of \$52,000 for eligible program expenditures under this Agreement.
- B. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 4 "Disbursement of and Accounting for Agreement Funds."

IV. FINANCIAL PLAN

A. Financial Plan

The Financial Plan for funds obligated under this Agreement is set forth in Table 1 below. Revisions of this Plan shall be made in accordance with Mandatory Standard Provision 4 of this Agreement, located in Attachment 3 and entitled "Revision of Grant Budget." The Grantee is authorized a 15% deviation between line items, provided that USAID is notified in writing of such budget changes in the Grantee's following Disbursement Report. However, any deviation in excess of 15%, or any increase in the total Grant, must be approved in advance in writing by the Director, USAID/South Africa.

Financial Plan
South African Rand (SAR)

| <u>Item</u> | <u>Total</u> |
|------------------------------|--------------|
| Compensation (salaries) | 118,400 |
| Travel and Per Diem | 23,500 |
| Capital Expenditures | 2,000 |
| Administrative Support Costs | 13,100 |
| Contingency | 2,000 |
| Audit | 10,000 |
| Total | 169,000 |

Converted at the exchange rate of R3.25 to \$1.00 and rounded to \$52,000.

B. Level of Assistance

The total Rand amount in the Financial Plan (Table 1) above is the maximum Rand amount available under this Agreement. The conversion rate from U.S. Dollars will be the prevailing rate at the time of conversion as determined by the Controller, USAID/South Africa. To determine the U.S. Dollar amount of disbursements to the Grantee under the Agreement, an exchange rate of R3.25 to one (1) U.S. Dollar will be used. Notwithstanding the above, in no event will the total Rand amount provided to the Grantee under the Agreement exceed the obligated Dollar amount provided for in Section III., A.

Due to exchange rate fluctuations, the total amount of Rands available after converting the total obligated U.S. Dollar amount into Rands may exceed the Rand Budget. If the Grantee desires to use such excess Rands to finance additional eligible program expenses, it may submit to USAID a written proposal for use of such funds. If USAID is in agreement with the Grantee's proposal, the Agreement may be modified to provide for the authorized expenditures. USAID reserves the right to deobligate any Dollars in excess of those needed to fund the Rand Budget. However, should changes in the exchange rate result in fewer South African Rands being available than budgeted for, the Grantee will be responsible for financing the shortfall, since the U.S. Dollar amount prevails.

V. REPORTING

The Grantee will submit to USAID, in a timely manner, a written, final progress report on activities funded and general performance under the Agreement by July 20, 1994. The content of the final progress report will be mutually agreed upon by the Parties, but should include a brief description of program accomplishments and a discussion of any problems encountered and how they were resolved. The Grantee will also

compile data on the numbers of workshops held, the numbers of persons trained and the locations of training sessions for all activities funded under this Agreement.

VI. ADMINISTRATIVE SUPPORT COSTS

Administrative support costs are provided for activities funded under this Grant as specified in the Financial Plan.

VII. TITLE TO PROPERTY

Title to all property purchased under this Agreement shall vest in the Grantee in accordance with the terms of Attachment 3, Additional Standard Provision 18, entitled "Title to and Use of Property."

VIII. AUTHORIZED GEOGRAPHIC CODE

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

IX. SPECIAL PROVISIONS

A. Procurement

1. Scope. This provision is applicable to the extent that local cost financing is otherwise authorized by the Agreement. It does not require procurement in South Africa where offshore procurement could otherwise occur.

2. Policy. In the procurement of goods and services in South Africa, the Grantee shall, to the maximum extent practicable, award contracts to individuals who or organizations which have been disadvantaged by apartheid and are responsive and appropriate providers of goods and services.

3. Definitions. Individuals and organizations disadvantaged by apartheid shall mean: (1) South African individuals of black, "colored" or Asian descent whose principal place of business is in the Republic of South Africa; and (2) private partnerships or commercial firms which are incorporated in or organized under the laws of the Republic of South Africa, whose principal place of business is in the Republic of South Africa, and which are more than 50 percent beneficially owned

by South African persons of black, "colored" or Asian descent. The Republic of South Africa includes the so-called "independent" and "self-governing" homelands.

B. Competition

Except as otherwise provided in Sub-Section A. above, all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, free and open competition.

C. Staff Recruitment

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

D. Travel and Per Diem

The Grantee will provide for USAID approval a copy of its travel and per diem policy covering both domestic and international travel for its staff and for program participants. The travel and per diem rates established under such policy shall not exceed U.S. Government rates. In the event the Grantee does not establish a policy, U.S. Government regulations governing travel and per diem shall apply.

E. Political Affiliation

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

F. Non-partisan and Non-political Activities

The Grantee agrees that funds provided under this Grant will not be used to influence the outcome of any election and that conferences, planning, management, coordination and technical assistance funded under this Agreement will be developed and presented on a non-partisan and impartial basis and without any implied, perceived or actual reference to political parties or groups. Trainers and other specialists associated with any aspect of this Grant Agreement will not express or espouse a political preference, encourage a political position or orient any of the activities, training, conference

findings, or planning toward any political party or grouping during their participation in the activities supported by this Grant.

G. Collaboration with Other Existing Voter Education Activities

AAC will collaborate with other voter education and support activities to the extent necessary to ensure that voter materials are shared and that new materials are not developed that already exist. Also, AAC will coordinate voter education outreach activities with other groups in South Africa to avoid unnecessary duplication and replication of program activities.

H. Special Covenant for Accounting and Financial Services

The AAC has submitted, in a letter dated February 2, 1994, from Masemola and Mphela, proof of the employment of an accounting firm to strengthen the accounting, financial and administrative systems of the AAC and to be responsible for the financial management of Grant funds. The AAC agrees to retain the services of a certified accounting firm for these purposes the duration of this Agreement.

X. STANDARD PROVISIONS

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

ATTACHMENT 2
PROGRAM DESCRIPTION

I. OVERVIEW OF AGREEMENT

The Grant will provide assistance to educate a portion of South Africa's newly enfranchised population residing in rural KwaNdebele and the North Eastern Transvaal on how to vote. Implementation of the Grant activity entails training 350 community members in voter education. A select group of these trainees will be invited to train other community members throughout the target area. The remainder will serve as fieldworkers acting in a more supportive capacity for those selected to hold training workshops.

II. BACKGROUND

AAC was formed in October 1992 as an advice centre for residents of rural Kwa-Ndebele and the North Eastern Transvaal. Some of the programs it has initiated include: self-reliance programs to encourage unemployed workers to embark on co-operative skills-development schemes; brick making operations; and assisting workers develop their own self-help agency. The Workers Benefit Project based in Mamelodi is an example of such a worker developed self-help initiative.

AAC is an advice centre, serving residents of the above mentioned areas. AAC tries to minimize the impact of apartheid's legacy on its clients by providing assistance on economic, housing, labour, legal, pension, and social matters. AAC's organizational structure consists of the following positions:

1. Administrator - A.T. Oliphant;
2. Coordinator - Phillip Mndau;
3. Executive Director - H.E.I.T.H. Mabaso;
4. Deputy Director - Mandisa Tsotsi; and
5. Chairman - A.T. Oliphant.

AAC's voter education training will meet USAID's strategic objective of assisting South Africa's majority population participate more fully in the political development and governance of a democratic, human rights based South Africa. AAC's voter education training will also meet USAID's strategic objective of helping prepare South Africa for a free and fair election.

III. PROBLEM

One of the more debilitating effects of apartheid's legacy has been the creation of an environment of fear and uncertainty about democracy. Many South Africans are unaware of the rights and obligations of freedom. Voter education is one of the first steps towards introducing South Africa's huge, marginalized populace to the democratic process.

IV. PURPOSE

The Grant activity proposes to train a portion of South Africa's newly enfranchised population on how to vote. The target population is based in rural Kwa-Ndebele and the North Eastern Transvaal.

V. PROGRAM DESCRIPTION

The Grant will provide assistance to train a portion of South Africa's newly enfranchised population on how to vote. Implementation of the Grant activity entails training 350 community members in voter education. This training will go on for approximately six weeks. Thereafter, 20 of the trainees will be selected to travel throughout the target area to train community residents in voter education. The remaining 330 will serve as fieldworkers, distributing voter education literature, placing voter education posters throughout the communities and generally encouraging residents to vote. These activities continue until the first day of the elections.

Inputs to be provided by USAID include: financial assistance for salaries and operational and administrative costs. Inputs expected of the Grantee include: selecting the manpower to conduct the training and compilation of instructional materials and logistical support for trainers to train and travel. Planned outputs from this Grant activity include 172,000 people to be trained in voter education over a 43 day period. Some of the Grantee's responsibilities will include:

- * training and equipping the 350 trainees in voter education;
- * properly accounting for all funds disbursed under this Agreement;
- * ensuring that all voter education is conducted in a non-partisan manner; and
- * providing follow-up and support to voter education trainers.

A. Evaluation Plans

AAC's Co-ordinator or other appropriate staff members will, on a weekly basis, visit each area where fieldworkers and voter education specialists are working and training. During these visits, the Co-ordinator or appropriate staff member will, among other things, follow-up and support voter education field work and monitor the quality and non-partisan behavior of fieldworkers' and voter education specialists' work. The Co-ordinator or appropriate staff member will take the steps necessary to maintain the integrity of the activities funded under this Agreement.

Agreement No. 674-0301-G-SS-4052-00

VI. DETAILED ILLUSTRATIVE FINANCIAL PLAN

African Aid Centre
Voter Education
South African Rands (SAR)

SALARIES AND COMPENSATION

| | | |
|--------------------------|-------------------------|----------------|
| Administrator | R1,500/mth x 2 mths | 3,000 |
| Co-ordinator | R2,500/mth x 2 mths | 5,000 |
| Voter Education Trainers | 20 x R650/mth x 2 mths | 26,000 |
| Fieldworkers-Educators | 330 x R125/mth x 2 mths | 82,500 |
| Accountant | R950/mth x 2 mths | 1,900 |
| Subtotal | | <u>118,400</u> |

TRAVEL AND PER DIEM

| | | |
|------------------------|--------------------|---------------|
| Travel | | 2,000 |
| Transportation | 20 x R25 x 43 days | 21,500 |
| Fieldworkers/Educators | | |
| Subtotal | | <u>23,500</u> |

PROGRAM SUPPORT COSTS

| | | |
|-------------------------|----------------------------|--------------|
| Instructional Materials | R100/person x 20 Educators | 2,000 |
| Subtotal | | <u>2,000</u> |

ADMINISTRATIVE SUPPORT COSTS

| | | |
|---------------------|--------------------------|----------------|
| Rent for Office | R500/mth x 2 mths | 1,000 |
| Rental of Venue | R10/hr x 6 hrs x 43 days | 2,580 |
| Communications | R300/mth x 2 mths | 600 |
| Water & Electricity | R600/mth x 2 mths | 1,200 |
| Subsistence | 2 months | 7,720 |
| Subtotal | | <u>13,100</u> |
| Contingency | | 2,000 |
| Audit | | 10,000 |
| TOTAL | | <u>169,000</u> |

FISCAL DATA AND CLEARANCES:

1. Fiscal Data:

Agreement No: 674-0301-G-SS-4052-00

Grantee: African Aid Centre

Appropriation: 72-114/51014

BPC: GSS4-94-21674-KG13

Reservation Control No.: B940062

Amount: \$52,000

Total Project Authorization Amount: \$110,000,000

Agreement Completion Date: 31 August 1994

Project Assistance Completion Date (PACD): 31 December 1998

Funds Available: (KEW)

ACCT: L.KEW

Date: 03/11/94

2. Clearances for Action Memorandum, Grant Agreement Letter and Attachments 1-7:

Drafted: Phatang Nkhereanye/CDD, PRH

Clearance:

JBeebe: GDO

JWooten: PRO

DKeene: RLA

GHensley: CONT

WFord: DD

 J.Beebe
 J.Wooten
 D.Keene
 G.Hensley
 W.Ford

K20.

287

ACTION MEMORANDUM FOR THE DIRECTOR, USAID/SOUTH AFRICA

DATE: March 2, 1994

FROM: Phatang Nkhereanye, CDD

W. J. van

EX-111-117

APR 7 1994

SUBJECT: South Africa Community Outreach and Leadership Development (COLD) Project (674-0301); African Aid Centre (AAC) Agreement No. 674-0301-G-SS-4052-00

Section

I. PROBLEM

Your approval is required to obligate U.S. \$52,000 of FY1994 funds under the Community Outreach and Leadership Development Project (674-0301) through an Agreement with the African Aid Centre (AAC), as described herein.

II. AUTHORITY

Pursuant to Redlegation of Authority No. 452, the Director, USAID/SA, has authority to authorize and execute grants, and amendments thereto, with non-governmental organizations (NGOs) in an amount not to exceed \$5.0 million per grant.

III. DISCUSSION

The AAC is a non-governmental organization that is providing assistance to the highly disadvantaged population of rural Kwa-Ndebele and the North Eastern Transvaal. The targets for its assistance programs are the unemployed, the squatter areas and street communities. The AAC embarked upon voter education training after its review of community organizations and leadership indicated that there was a major gap in local peoples' knowledge of South Africa's first non-racial, national election.

The AAC has developed a very important voter education activity working with church groups, labor unions, and other community organizations. The AAC will train approximately 350 community members and specialists. From this group, the AAC will select 20 of the most qualified specialists to deliver training programs and workshops throughout rural Kwa-Ndebele and the North Eastern Transvaal. The community specialists not selected for the training program will serve as voter education support specialists, helping to arrange voter education workshops, facilitating and coordinating, in mobile teams, voter documentation activities for voter ID's with Home Affairs officials and developing media and public information campaigns. The AAC has a well planned and highly cost effective program that will reach an estimated 172,000 potential voters directly through voter education workshops. They will reach many more voters indirectly through media campaigns.

Because of the urgency of voter education and election related activities, the pressing work in the CDD and the unavoidable delays in processing this proposed grant, the CDD recommends a relatively small amount of funding be approved for allowable

and eligible program costs incurred as of February 1, 1994 through the effective date of the proposed grant. Eligible costs will include: salaries; travel; and administrative support costs. The amount will not exceed R20,000.

IV. ISSUES

Through the development of this Agreement, the following issues have been identified and addressed as presented below:

A. Action Plan and Strategic Objective(s) - This proposed Agreement was discussed during the FY94 Action Plan review dated January 7, 1994, and approved at \$50,000. However, subsequent discussions with the Grantee identified an additional increase in funding of \$2,000, bringing the total amount of the Grant to \$52,000. This activity is consistent with USAID's strategic objective of assisting South Africa's majority population participate more fully in the political development and governance of a democratic, human rights based South Africa and the strategic target of helping prepare South Africa for a free and fair election.

B. Grantee's Illustrative Budget and Cost Negotiation - The CDD conducted verbal negotiations with AAC to establish its priorities for funding. The major cost components of the grant are salaries, training workshops and travel for trainers. AAC proposes conducting seven voter education workshops for trainers at a cost of R2,000 per workshop. The budget and costs have been reviewed within the Mission as part of the grant approval process and have been determined to be fair, reasonable and allowable for a grant of this nature. The grant file contains sufficient support for this determination.

C. Competitive Procedures or Non-competitive Justification - Although competition is to be encouraged in the award of grants and cooperative agreements to NGOs (Handbook 13, Chapter 2B), Chapter 2B3a permits exceptions to competition where the proposal "is not solicited by A.I.D." and where the proposal is "unique, innovative, or proprietary and acceptance would be fair, reasonable, and would represent appropriate use of A.I.D. funds to support or stimulate a public purpose. AAC has submitted an unsolicited proposal, and it is the determination of the CDD that the activity is unique. The geographical region which the AAC intends conducting voter education workshops is one not identified by any other organization USAID has thus far funded. Also, the target group the AAC intends training and educating has not been reached by any other organization. Because this activity is consistent with USAID program objectives and is so unique, acceptance of the AAC proposal would be fair and reasonable and would represent an appropriate use of USAID funds.

D. Technical and Management Capability - It is the CDD's determination that the subject organization possesses suitable policies and practices to ensure adequate management

of USAID funds provided under the Agreement. This determination is based on a discussion with the grantee organization and a detailed review of the Grantee's proposal and management structure.

E. Financial Management Capability - A financial review of AAC's financial management systems was conducted on January 19, 1994, which certified that the Grantee needed to strengthen its accounting systems, books and records for the administration of this Agreement. As a result, the Grant Agreement will include a special covenant that requires the AAC to retain the services of an accounting firm to manage all funds disbursed under this Agreement. A letter from the AAC was received on February 2, 1994 indicating that it has hired the firm of Masemola and Mphela to provide accounting services.

F. PVO Registration Determination - The proposed Grantee does not qualify as a Private Voluntary Organization as defined in A.I.D. Handbook 3 Appendix 4C and 88 State 356010 because it does not solicit or receive voluntary contributions of money, staff time or in-kind support from the general public.

G. Grantee Contribution - The USAID Mission has made a decision that voter education activities are of special and strategic importance to A.I.D. goals in South Africa, particularly during the crucial period leading up to South Africa's first universal franchise election in April 1994. Very little time exists before the planned election, millions of people need to be educated and very few organizations have the capacity or knowledge required to carry out activities in this field. Because this area of activity is so important and so new to South Africa and because of the critical time constraints involved, the CDD recommends that the grantee contribution requirement be waived in this Agreement.

H. Sustainability - The proposed grant activity for voter education will not be continued beyond the completion of this Agreement because the grant activity is designed to prepare newly enfranchised South Africans for the April 1994 election only.

I. Standard Issues

1. Section 611(a) Requirements - Consistent with Section 611(a) of the FAA, adequate technical and financial planning underlie the proposed Agreement and reasonably firm cost estimates have been established. Such planning is evidenced by the Agreement program itself, as described in Attachment 2 of the proposed Agreement, which contains a detailed methodology for implementing Agreement activities and attaining specified Agreement outputs. The Illustrative Financial Plan is based on reasonably firm cost estimates for program activities.

2. Payment Verification Requirements - Payment verification requirements for the Grantee are satisfied by the specification of financial management and reporting procedures in the attached letter of engagement from the accounting firm Masemola and Mphela.

3. Recurrent Costs - Donor financing of recurrent costs, such as salaries, allows the Grantee to provide an essential service that is unmet by the public sector and, due to the limited income of the beneficiaries, cannot be met through normal market channels. Recurrent cost assistance in such cases is justified under category 2 of USAID's Recurrent Cost Policy. The "design considerations" outlined in this policy document have been taken into consideration in the design and negotiation of this Agreement.

4. Selection of a Grant as the Assistance Instrument - It is the determination of the CDD that, in accordance with Handbook 13, Chapter 6, a grant is the appropriate assistance mode to be utilized, as A.I.D. is not procuring goods or services and does not require a substantial degree of operational control or involvement in project implementation. The attached document is, in form and substance, a grant as defined by A.I.D.

V. RECOMMENDATION

It is recommended that, pursuant to your authority under Redelegation of Authority No. 452, you: (1) approve noncompetitive selection in accordance with the justification provided above; (2) authorize the proposed Agreement to the African Aid Centre by signing below; and (3) execute said Agreement, as attached, by signing on the appropriate page and line as indicated.

Approved: Leslie A. Dean
Leslie A. Dean
Director, USAID/SA

Disapproved: _____

Date: March 14, 1994