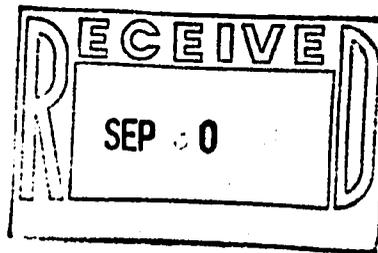




PDFCV 996  
Embassy of the United States of America

USAID/South Africa  
September 27, 1991

Mr. Carl Gershman  
President  
National Endowment For Democracy  
1101 Fifteenth Street, N.W.  
Washington, D.C. 20005



Subject: Transition To Democracy Project  
(National Endowment For Democracy)  
Agreement No. 674-0310-A-00-1068-00

Dear Mr. Gershman:

Pursuant to the authority contained in the Dire Emergency Supplemental Appropriations Act of 1990 and the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter "USAID") hereby enters into this Agreement with the National Endowment For Democracy (hereinafter the "Recipient") and obligates the sum of \$1,000,000 to provide support for a program described in Attachment No. 2, entitled "Program Description," of this Agreement.

This Agreement is effective and obligation is made as of the date this letter is signed by an authorized USAID representative. The Agreement and obligation shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning on the effective date of this letter and ending September 30, 1992.

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

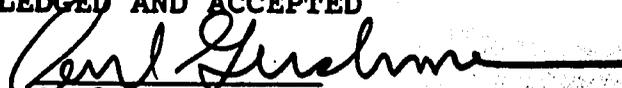
Please sign the original and seven (7) copies of this letter to acknowledge your acceptance of the Agreement, and return the original to USAID/Pretoria.

Sincerely,

Dennis P. Barrett  
Director

ACKNOWLEDGED AND ACCEPTED

By:

  
Carl Gershman

Title: President

For: National Endowment For Democracy

Date: September 30, 1991

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions and optional provisions as applicable
4. Advance Request (as applicable)
5. A.I.D. Geographic Code 935 List

FISCAL DATA:

CDN: 674-0310-A-00-1068-00

BPC: GESO-91-21674-IG13

APP: 72110-11037

RCN: B910302

Amount: \$1,000,000

Drafted: DRathbun, OPMD *DR*  
Cleared: DKeene, RLA (draft)  
GHensley, CONT *GH*  
JAddleton, SPO (draft)  
JWeber, AD (draft)

EJUNDS AVAILABLE

*RUMS  
0-11-91*

ATTACHMENT NO. 1

SCHEDULE

I OVERVIEW OF AGREEMENT

A. Purpose of Agreement:

The purpose of this Agreement is to provide support for programs conducted by community-based organizations which facilitate the process of negotiations on a new constitution and establishment of a nonracial democracy in South Africa based on universal suffrage. This program is more specifically described in Attachment 2 to this Agreement entitled "Program Description."

II PERIOD OF AGREEMENT

The effective date of this Agreement is the date the cover letter is signed by an authorized USAID representative. Unless otherwise agreed to by USAID in writing, the expiration date is September 30, 1992, meaning that no USAID funds under this Agreement shall be applicable to goods not furnished or services not performed for the program by this date.

III AGREEMENT FUNDING AND PAYMENT

A.I.D. hereby obligates the amount of US \$1,000,000 for purposes of this Agreement.

IV PAYMENT PROCEDURES

Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3, Additional Standard Provision 1, entitled "Payment - Letter of Credit."

V FINANCIAL PLAN

A. The Illustrative Financial Plan for this Agreement is set forth in Table I below. Revisions of this Plan shall be made in accordance with Standard Provision 4 of this Agreement, located in Attachment 3 and entitled "Revision of Agreement Budget." The Recipient is authorized a 15% deviation between line items, provided that USAID is notified in writing of such budget changes in the

Recipient's following Disbursement Report. However, any deviation above this amount, or any increase in the total Grant, must be approved in advance in writing by the Director, USAID/South Africa.

**Table I**  
**Illustrative Financial Plan**

<u>ITEM</u>	<u>U.S. \$</u>
1. Support Grants To South African Organizations	793,000
2. NED Liaison In South Africa	101,500
3. Washington Office Costs	80,500
4. Audits	<u>25,000</u>
TOTAL	\$1,000,000

**VI REPORTING**

The Recipient will submit quarterly progress reports on activities funded and general performance under the Agreement. The quarterly reports should include a brief description of the types of activities funded hereunder during the period, including the issues involved, the status of the activity, plans for further action, and any potentially broader implications. The Recipient will also submit a final report on all activities financed by the Agreement. The content and format of the final report will be agreed upon by USAID and the Recipient at a later date.

In addition, the Recipient will submit quarterly financial reports of disbursement by budget line items shown in Table I, Section V. Each report will include a summary sheet listing, in a format compatible with the budget, the purpose and amount of all individual expenses incurred with a sub-total for each budget line item and a grand total for the current reporting period and the cumulative amount received under the Agreement by budget line item.

**VII OVERHEAD RATE**

Not Applicable.

## VIII TITLE OF PROPERTY

Title to all property purchased under this Agreement for the use of sub-grantees shall vest in that sub-grantee in accordance with, to the extent practicable, the terms of Attachment 3, Additional Standard Provision 20, entitled "Title to and Use of Property." Title to all other property purchased shall vest in the Recipient in accordance with the same Additional Standard Provision 20.

## IX AUTHORIZED GEOGRAPHIC CODE

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

## X LOCAL COST FINANCING

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

## XI SPECIAL PROVISIONS

### A. 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 off-shore procurement could otherwise occur.

2. Policy: In the procurement of goods and services in South Africa, the Recipient shall, to the maximum extent practicable, award contracts to individuals who or organizations which are 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.

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

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

6. **Travel and Per Diem:** The Recipient will provide for USAID approval a copy of its travel and per diem policy covering both domestic and international travel for its staff and for program participants not to exceed U.S. Government rates. In the event the Recipient does not establish a policy, U.S. Government regulations governing travel and per diem shall apply.

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

8. Prior to any disbursement of funds to sub-grantees, NED will submit to USAID, in form and substance satisfactory to USAID, a standard sub-grant agreement.

9. Unless otherwise agreed in writing by USAID, prior to any disbursement of funds to sub-grantees, NED shall provide evidence, in form and substance satisfactory to USAID, that it has entered into a written agreement with a South African-based liaison individual or organization that will function as an agent and be responsible for on-the-ground sub-grant management and financial monitoring.

10. As a condition of receiving a sub-grant, prospective sub-grantees will be required to agree to: (1) ensure that proposals contain such information as NED and USAID may require and conform to established standards of format and content; (2) submit quarterly reports which assess the progress of the sub-grant; and (3) conduct a final evaluation of each project to measure the effectiveness of the project in meeting its objectives.

## XII STANDARD PROVISIONS

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

Agreement No.

Attachment No. 2

PROGRAM DESCRIPTION

I. Purpose

This program is one of three elements of the Transition to Democracy Project (674-0310) funded under the Dire Emergency Supplemental Appropriations Act of 1990. The others are: (1) infrastructure and related support to disadvantaged South African political organizations, including the African National Congress and the Inkatha Freedom Party through the United States-South Africa Leadership Exchange Program; and (2) direct assistance to persons and organizations involved in the negotiations process in South Africa and support for the development of an agenda for negotiations through the United States Information Agency.

The objectives of this component are as follows:

--Ensure that community-based organizations from the disadvantaged community in South Africa play an active and leading role in influencing the negotiations process;

--Strengthen the capacities of civic, professional and community organizations by helping them acquire the means to package, produce and disseminate information that will enhance a broad public awareness of the negotiations process, the positions of the major actors involved in that process and the crucial issues that must be thought through and sorted out in the course of arriving at a successful conclusion of that process;

--Promote the involvement of black and alternative media in generating a broad public awareness of and dialogue about the negotiation process;

--Assist organizations that are from or enjoy the respect of the disadvantaged community in undertaking activities that promote public dialogue and quality debate on the critical issues and options before the country that are central to the negotiation process;

--Support organizations that are from or enjoy the support of the disadvantaged community in undertaking research which provides the technical data and the analytical and academic underpinnings for substantive dialogue and quality debate on issues that are central to the negotiation process.

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## II. Program Areas

In order to meet the objectives outlined above and contribute to broad-based and informed participation by ordinary citizens, communities and diverse interest groups and organizations in the negotiations process, the Grantee will provide sub-grants to qualified organizations in the areas of (1) Public Awareness and (2) Private Institutional Support for Negotiations.

### a. Public Awareness

The prospects for the evolving process of negotiations in South Africa will be greatly affected by the level and quality of participation in the airing of issues that are central to the negotiations by ordinary South African citizens, especially those from disadvantaged communities who have been disenfranchised all of their lives. The nature of the outcome of the negotiation process will, at least in part, be determined by the extent to which community-based organizations are able to develop an informed constituency that acquires an adequate understanding of the critical issues at stake in the negotiations, the positions of the major parties to the negotiations and the options placed before the country during the process. Most important, South Africans will want to relate the issues and options to how they are likely to affect their lives in personal and local community terms. Through public awareness and dialogue, South African citizens can individually and collectively register their input into the unfolding debates on issues that will affect them, their communities and the country at large. In order to assist this process, the Grantee will provide sub-grants to civic associations and other community-based/oriented support structures, as well as alternative media to undertake programs aimed at generating the broadest possible public awareness and understanding of the negotiations process.

### b. Private Institutional Support For Negotiations

A complementary area of critical need is to assist a broad range of organizations in providing support activities and the academic underpinnings necessary for quality debate and dialogue on critical issues central to the negotiations and their outcome. Providing support in this area will have a multiplier effect in the area of generating broad public awareness and understanding of the negotiations process and issues contained therein.

### III. Illustrative Program Activities

Sub-grants will be made available for activities that address either one or both of the delineated program areas. These may include:

--Public awareness campaigns by community-based organizations that focus on local, regional and national issues central to the negotiation process and the transition to democracy in South Africa. This could include assisting such organizations in launching newsletters and/or producing and disseminating pamphlets and special publications, undertaking research on issues central to the negotiation process at the national level that are also of local community concern; organizing public meetings on such issues and the dissemination of the proceedings.

--Community-oriented research and information dissemination activities that are aimed at generating public awareness and understanding of various aspects of the negotiation process and the drafting of a new constitution, particularly as they relate to local community concerns. This could include support for appropriate analytical and research activities of an existing organization or assistance in the start-up of a new organization with a research agenda relevant to community concerns and the negotiation process.

--Media campaigns by community-based organizations aimed at disseminating information on the negotiation process, the positions on issues taken by negotiation participants and/or that facilitate dialogue and debate on issues pertinent to the negotiation process and transition to democracy. Such initiatives might include production and dissemination of a special supplement series in the black and alternative press.

--Media initiatives by community-based organizations using independent radio stations that have already established relevant talk show formats with wide listenership in both the black and white communities. Video tapes and video cassette production and distribution are other potential mechanisms for generating increased public awareness through the media.

--Independent study commissions on specific critical issues, the airing of which are particularly crucial to the negotiations process and the adoption and execution of transitional governing arrangements.

--Survey and opinion research, analysis and training of community-based organization members in polling techniques as a means of gauging community attitudes and opinions on critical issues emerging from the negotiation process. Such projects would include a provision for the dissemination of data and findings from polling/survey activities.

In each of the above illustrative activities, provision could be made for both human resource development and material resources to enhance the sub-grantee's organizational capabilities.

#### IV. Prospective Sub-grantees

The Endowment has already received proposals from several organizations, but these will require further discussion before a final decision on funding can be made. The Endowment will also actively solicit proposals from eligible South African institutions. Among the organizations which have already submitted proposals or who will be invited to do so are:

- Community Research and Enrichment Project
- National Training Center In Conflict Resolution Skills
- Center For Policy Studies
- South African Institute For Race Relations
- South African Council of Churches
- The Foundation For Peace and Justice
- Black Lawyers Association Legal Education Center
- Transvaal Rural Action Committee
- The National Forum

The organizations listed above do not constitute an exhaustive list. The list is, however, illustrative of the wide political and regional cross section of potential sub-grantees for whom funding may be provided under this project.

#### V. Selection Criteria

Any organization requesting funding under this Agreement must be able to demonstrate that it is a responsible, credible organization or group that either is from the disadvantaged community or conducts programs that clearly serve, have the support of and exclusively benefit the disadvantaged community. The program must not duplicate any activity funded under USAID's other projects. The potential sub-grantee must have or be able to attract appropriate, qualified staff who have demonstrated the ability to administer programs capably so as to accomplish stated goals and objectives. Participation in funded activities will be open to all

persons and/or organizations without regard to race, gender, religious or political affiliation. Other organizational characteristics of importance include: an orientation that is generally supportive of a negotiated transition to a post-apartheid South Africa; established professional reputation and/or proven ability to perform; organization has a charter, board of directors, adequate financial and administrative controls, etc. In addition, to be eligible for funding, the proposed activity should meet one or more of the following criteria:

--The program will make a concrete contribution to generating broad public awareness and understanding of the negotiations process, issues and options/choices involved in this process, with particular reference to South Africa's disadvantaged communities.

--The program will promote widespread political tolerance and encourage an intellectual climate which is favorable to the growth of a vibrant civil society.

--The program encourages democratic solutions and peaceful conflict resolution in situations otherwise fraught with violence, and encourages discussion/dissemination of information resulting from dispute resolution initiatives.

--The program meets an especially urgent need and contributes to the Grantee's overall program balance and effectiveness in South Africa.

--The proposed activity is well thought out, has a potential multiplier effect and may be replicable throughout South Africa.

## VI. Program Management

The Grantee will accept proposals from South African-based organizations that seek to encourage a broad public awareness and understanding of issues central to the negotiation process and the transition to a democratic, nonracial society. Each proposal will be reviewed by National Endowment For Democracy staff and evaluated according to the criteria outlined above. Funding decisions will be made by the Endowment's Board of Directors at regularly scheduled quarterly review meetings or by mail. The Endowment will only obligate funds to sub-grantees following written approval from USAID/South Africa and an affirmative vote by the Endowment's Board of Directors.

To ensure adequate control and supervision of sub-grants, the Grantee will contract with a South African-based liaison agent (an individual or an organization) who will be responsible for on-the-ground grant management and financial monitoring. Included among the agent's responsibilities will be:

- orienting sub-grantees to the Endowment's requirements contained in the sub-agreement;
- on-site financial monitoring and verification;
- providing and/or facilitating technical assistance to sub-grantees in reporting, record keeping and bookkeeping; and
- facilitating visits of Endowment staff to South Africa for monitoring purposes.

Each sub-grantee will submit written, quarterly progress reports to the Endowment. These will include brief narrative reports from the sub-grantees describing the project activities, results, problems identified and methods in which they were resolved, and a financial report summarizing the overall status of the sub-grant. Within 90 days after the expiration date of the grant, each sub-grantee will submit a detailed final report to the Endowment covering all aspects of the project. Each final report will include an assessment and evaluation of the sub-grant.

All sub-grantees will be required to maintain proper documentation and accounting control over funds provided by the Grantee. A financial reporting format approved by USAID will be specified during negotiation of the sub-grant agreement. The Endowment will also specify procedures to ensure that sub-grantees are in compliance with the terms and conditions of the sub-grant agreement and to verify that the information reported is presented accurately. These procedures will include audits by Chartered Accountants and by the Endowment itself.

In addition to submitting quarterly progress reports, all sub-grantees will consult regularly with the Endowment staff and inform them of any significant problems so that remedial action can be taken expeditiously. The South African-based liaison will assist in this process.

Endowment staff will make periodic visits to South Africa to verify information provided in the reports. Prior to each visit, the Endowment's Program Officer, in conjunction with the South Africa-based

liaison, will prepare a plan which identifies the specific activities to be verified, the type of documentation to be gathered and the individuals to be contacted.

#### VII. Evaluation

The Endowment will require that a brief plan for evaluating the success of the project be included in each sub-grant proposal. Once a sub-grant has been approved, the sub-grantee will be required to submit quarterly progress reports divided into two sections--a narrative section and a financial section. These reports, (described elsewhere in this Annex) along with a final assessment, will form the basis for an evaluation of the effectiveness of individual projects and lessons learned that can be applied to future funding decisions.

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