

PD-AAT-888 46156

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AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D.C. 20548

PROJECT PAPER

SOUTH PACIFIC: Fisheries Development  
(879-0009)

December 1978

DECLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT  
PROJECT DATA SHEET

1. TRANSACTION CODE  
A = Add  
C = Change  
D = Delete  
Amendment Number

2. COUNTRY/ENTITY  
SOUTH PACIFIC REGIONAL

3. PROJECT NUMBER  
879-0009

4. BUREAU/OFFICE  
SOUTH PACIFIC REGIONAL DEVELOPMENT OFFICE

5. PROJECT TITLE (maximum 40 characters)  
SOUTH PACIFIC FISHERIES DEVELOPMENT PROJECT

6. PROJECT ASSISTANCE COMPLETION DATE (FACD)  
MM DD YY  
09 30 91

7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4)  
A. Initial FY 86 B. Quarter 4 C. Final FY 89

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY 86			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. To
AID Appropriated Total (Grant)	( 757 )	( -0- )	( 757 )	( 5000 )	( -0- )	( 5000 )
(Loan)	( -0- )	( -0- )	( -0- )	( -0- )	( -0- )	( -0- )
Other U.S. 1.						
2.						
Host Country IES	-0-	50	-0-		750	750
Other Donor(s)	-0-	5	-0-		20	20
TOTALS		55	757		770	577

9. SCHEDULE OF AID FUNDING (\$000)

A. 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	1. Grant	2. Loan
(1) 531	149	097		-0-	-0-	5000	-0-	5000	-0-
(2)									
(3)									
(4)									
TOTALS						5000	-0-	5000	-0-

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

11. SECONDARY PURPOSES

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To design and implement fisheries development activities promoting economic stability and self-sustaining growth for the South Pacific island nations assisted by the USAID Regional Development Office.

14. SCHEDULED EVALUATIONS

Interim MM YY 03 88 Final MM YY 09 90

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify) 9

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

N.A.

17. APPROVED BY

Signature: *[Signature]*

Title: Regional Director

Date Signed MM DD YY 09 26 86

18. DATE DOCUMENT RE IN AID/W, OR FOR AID/MENTS, DATE OF DISTR MM DD YY

**SOUTH PACIFIC FISHERIES DEVELOPMENT**

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PROJECT AUTHORIZATION

Authority: South Pacific Regional  
Project: South Pacific Fisheries Development  
Number: 879-0009

Pursuant to sections 103, 104, 105, and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the South Pacific Fisheries Development Project (the "PROJECT") undertaken by South Pacific countries and institutions supporting those countries (the "GRANTEES") involving planned obligations of not to exceed Five Million United States Dollars (\$5,000,000) in grant funds over a four-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 of the project.

The project will promote fisheries development activities in South Pacific island nations by utilizing:

- (a) bilateral project agreements with individual nations;
- (b) agreements with regional bodies, e.g. Forum Fisheries Agency (FFA) or South Pacific Commission (SPC), to coordinate and administer small projects or those that are totally regional;
- (c) agreements with contractors to provide specific services such as project design and/or review and other technical assistance;
- (d) grant funds to finance activities in the fisheries sector including but not limited to training, construction, procurement of fishing commodities, research and monitoring, and fish marketing; and
- (e) activities such as seminars, regional meetings, general U.S. technical assistance services to improve the coordination and overall effectiveness of the multiple grantees' programs, and project evaluations.

Grant agreements, which may be negotiated and executed by the officers to whom such authority is delegated in accordance with AID 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 AID may deem appropriate:

- (a) Except as AID may otherwise agree in writing, goods and services financed under the grant shall have their source and origin in countries included in AID Geographic Code 935, "Special Free World," which includes the participating countries. This includes sea and air transportation financed under the project.
- (b) Grantees will agree to finance or cause to be financed any additional or continuing costs for this activity or its discrete components from sources other than AID.

  
\_\_\_\_\_  
Signature

Regional Director  
Title

Dec. 5, 1986  
Date

ABBREVIATIONS AND CONVENTIONS

ACO	Area Contracting Officer
ADB	Asian Development Bank
AID	Agency for International Development
CDSS	Country Development Strategy Statement
CRGA	Committee of Representatives of Governments and Administrations
EEC	European Economic Community
EEZ	Exclusive Economic Zone (200-mile fishing right zone)
FAD	Fish Aggregating Device
FY	Fiscal Year
FFA	Forum Fisheries Agency
GNP	Gross National Product
ICLARM	International Center for Living Aquatic Resource Management
PACD	Project Assistance Completion Date
PIL	Project Implementation Letter
PNG	Papua New Guinea
PP	Project Paper
PROAG	Project Agreement
PVO	Private and Voluntary Organization
RDA	Resources Development Associates
RDO	Regional Development Officer
RDO/SP	Regional Development Office/South Pacific
RLA	Regional Legal Advisor
SPC	South Pacific Commission
UND?	United Nations Development Programme
USG	United States Government
USP	University of the South Pacific
WHO	World Health Organization
WID	Women in Development

Monetary Units: All values shown are in U.S. dollars or  
dollar equivalents.

Project Team:	James Schill	-	PDO/USAID/RDO/SP
	Lamarr Trott	-	AID/S&T/AG
	Philip Helfrich	-	AID/S&T/AG
	Gary Bisson	-	USAID/Jakarta
	Robert Shoemaker	-	AID/ANE/PD
	Harvey Van Veldhuizen	-	AID/ANE/PD/ENV
	Bendy Viragh	-	USAID/Thailand

I. SUMMARY AND RECOMMENDATIONS

A. Summary:

The USAID Regional Development Office, South Pacific (RDO/SP) serves ten island countries in the South Pacific with a population of over 5 million. These countries include Cook Islands, Fiji, Kiribati, Niue, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu, and Western Samoa.

The countries served by USAID are spread over millions of square miles from longitude 141 degrees east to 150 degrees west, spanning approximately one-sixth of the earth's circumference or a distance equivalent to that from Tehran to Manila. The latitudinal range is from 5 degrees north to 23 degrees south. This vast sea area encompasses minuscule but strategic land masses. Table 1 shows the population, the population densities, and the land and sea (EEZ) masses of the countries served by AID's USAID/RDO/SP.

The USAID Office was established in 1978 to improve U.S. relations with the island countries. Relations between the U.S. and island countries were deteriorating from the lack of a meaningful and useful U.S. presence in the region and from tensions associated with the activities of the U.S. fishing industry in the EEZs of the island nations. USAID has carried out a development assistance program strategy which emphasizes agriculture, fisheries, health, and development administration, with training and private enterprise development as cross-sectoral themes.

The program is implemented through U.S. and indigenous PVOs, South Pacific regional institutions, and a small grants program carried out with the U.S. Peace Corps. Over the years about 22% of USAID assistance has gone to the programs of regional organizations, principally the University of the South Pacific (USP) and the South Pacific Commission (SPC). The USAID program will total \$7.0 million in FY 1986.

In a further effort to improve relations with South Pacific countries, the U.S. in 1984 initiated negotiations with these countries aimed at defining the rights of U.S. fishing interests in the region. Because of the complexity of the issues involved, progress in these negotiations has been slow; however, an Agreement is expected in 1987. In the meantime, the Secretary of

State requested AID to implement a fisheries development program in the region in 1986 to demonstrate the commitment of the United States toward improving the capability of island countries to exploit this vital resource.

In response to the Secretary's request, USAID has adopted a unique approach to address the needs of fisheries development in the island nations.

Rather than attempting the more traditional project design methodology of utilizing outside consultants, USAID convened a roundtable conference of fisheries and development planning staff from each of the independent island nations to identify specific needs and to propose project activities to meet those needs. Nearly all of the proposed activities filled existing gaps in national fisheries development schemes. These gaps could not be supported by often "tied," other-donor aid but had already been detailed in the development plans of the island governments. This project responds to those immediate needs as the island nations have outlined them.

The purpose of this project is to design and implement fisheries development activities promoting economic stability and self-sustaining growth for South Pacific island nations. It will fund sub-projects three ways: 1) through direct grants to host governments; 2) through existing regional institutions such as Forum Fisheries Agency (FFA), and 3) through other country institutions such as USP for training activities. All sub-projects will be reviewed and approved by USAID and will conform with USAID sector priorities. Selected regional institutions will have primary responsibility for managing and implementing the sub-projects in accordance with their established policies and procedures. Standard provisions and procedures in all grants under this project will govern the administration of individual sub-projects.

B. Recommendations:

That the South Pacific Fisheries Development Project (879-0009) be authorized for \$5,000,000 to be disbursed over four fiscal years (FY 1986 - FY 1990) with a project activity completion date of September 30, 1990.



TABLE I  
THE SOUTH PACIFIC REGION  
SERVED BY USAID

Country	Estimated Pop.(000)	Land Area Km <sup>2</sup>	Sea Area Km <sup>2</sup> *	Population Density Km <sup>2</sup>
COOK ISLANDS	17.4	240	1,830	75
FIJI	670.0	18,272	1,290	35
KIRIBATI	61.9	690	3,550	86
NIUE	3.4	259	390	13
P. N. G.	3,230.0	462,243	3,120	6
SOLOMON IS.	252.0	28,530	1,340	8
TONGA	98.1	699	700	139
TUVALU	7.5	26	900	288
VANUATU	129.4	11,880	680	10
WESTERN SAMOA	159.0	2,935	120	53

Sources: South Pacific Commission, Statistical Summary, 1982;  
Asian Development Bank, Key Indicators, April 1984;  
Asian Development Review, Vol.3, No.1, 1985.

Note: Multiply km<sup>2</sup> by 0.4 to obtain mi<sup>2</sup>

\*Due to a 200-mile limit established by the members of the South Pacific Forum to create "Exclusive Economic Zones" (EEZ).

II. PROJECT RATIONALE AND DETAILED DESCRIPTION

II.(1) Background:

Almost all of the ten South Pacific island nations are heavily dependent on external economic and technical assistance to sustain their economic growth. Many lack the institutional ability and trained manpower to achieve the economic development objectives to which they aspire. In addition, they are geographically isolated from major trading centers and from each other.

These countries have other serious problems as well, such as lack of infrastructure, high rates of unemployment and under-employment, and poorly developed private business sectors. Adding to these problems is migration from rural areas to urban centers or to different countries, e.g., New Zealand and Australia, for a chance at higher wages.

However, the island nations are determined to reduce their dependence on outside assistance and are striving to gain economic self-reliance in a manner consistent with existing cultural values. The nearly five million people who inhabit these island nations are culturally diverse but have in common the need to farm the ocean which surrounds their small countries. This vast ocean has extensive marine resources which, if properly exploited, offer opportunities for local economic growth and national economic self-sufficiency.

II.(2) Rationale for Fisheries Development Project:

In concert with and in support of ongoing U.S. Government fisheries negotiations with the island countries, the Secretary of State requested AID to implement a fisheries development project in the South Pacific region. The logic of this mandate is underlined by the fact that extensive marine resources are largely under-exploited by nearly all the nations of the South Pacific.

The fisheries negotiations and the related development of the capacity of the Pacific Island countries to exploit regional marine resources serve U.S. core interests in the area. These interests include: strategic denial of the region to the Soviet Union and its surrogates, maintenance of U.S. access to the region's port and airport facilities, and preserving access to the region's rich and abundant marine resources.

II.(3) Relationship to AID Development Strategies:

USAID, through its CDSS, has devised a regional development strategy with primary emphasis on the agriculture (including fisheries) and health sectors. Private enterprise development and participant training activities focus principally on these two sectors. All project components and activities funded under this project are consistent with USAID sector priorities and objectives.

In the agriculture/fisheries sector, USAID strategy emphasizes the following:

- (i) Strengthening regional capacity to adapt and transfer technology appropriate to the South Pacific by providing support to regional institutions such as FFA, SPC, and USP, which are engaged in research, extension, and training activities.
- (ii) Improving farmer and fisherman access to markets as a "pull" approach to creating production incentives. This involves developing market-related infrastructure, equipment, and information systems and working with cooperatives and similar community associations.
- (iii) Developing the human resources needed to manage and direct agriculture and fisheries development by providing training in research, planning, and management. In particular, training will be provided for management of natural resources in the areas of fisheries, marine science and coastal resources, and watersheds.
- (iv) Improving nutritional standards by providing training and encouraging diversification of fishery production systems.
- (v) Improving national capabilities to use both offshore and inshore fishery resources. Emphasis will be on: expanding available knowledge about commercially important marine species; manpower training to develop technical skills; developing private sector production, processing, and marketing potential to support the offshore fishing industry; and continuing support for artisanal fishermen by expanding and improving private and public sector capacity to provide equipment, materials, and training for such fishermen.

II.(4) Other Donor Activities:

The single major donor in the South Pacific region is

Australia, contributing approximately 58% of the \$600 million annual assistance to the ten countries covered by USAID. However, the great majority of Australia's funds (about 48% of total assistance or over \$250 million) is provided to Papua New Guinea in the form of an untied grant for budgetary support. The United Kingdom and New Zealand are also major donors in the region, contributing together about 13% of total donor aid. The remaining 29% is shared by four international organizations (ADB, EEC, IBRD, and UNDP), West Germany, Japan, and the United States. The U.S. contribution amounts to less than 1%. Other countries such as the People's Republic of China and Kuwait have shown interest in the region by making available limited assistance resources.

The direction and volume of bilateral assistance tend to be influenced by historical ties existing between donor and recipient countries. Thus most of the aid made available by the three major donors is in the form of budget support for their client island nations. In addition to budget support, however, these and other donors have funded projects in manpower development, communications, rural development, educational programs (including university level), livestock improvement, crop production, reforestation and timber utilization, and infrastructure. But few have traditionally given much support to grassroots community development programs in any sector.

Australia and New Zealand are major donors in the region, and both are members of the SPC and FFA. These two organizations coordinate their work programs with international lending agencies; thus it is not likely that any component or activity financed under the project will duplicate or overlap activities undertaken by other donors.

## II.(5) Detailed Project Description:

### A. Goal and Purpose:

The goals of this project are to maintain a useful and meaningful U.S. presence in the South Pacific and to help revive the goodwill toward the U.S. that is currently declining throughout the area. The project purpose is to design and carry out fisheries development activities promoting economic stability and self-sustained growth for the South Pacific island nations.

B. Output, Input, and End of Project Status:

- (i) Output: The output of this project will be diverse due to the country-specific nature of the fisheries sector in terms of the technologies employed, the sociocultural context, the nature of the resource base, and government policies for exploiting the resource. In addition, output will vary depending on the objectives and purposes of the sub-projects proposed and the categories of development need they address.

Since only a small portion of the total number of expected sub-project proposals have been submitted, it is not possible at this time to quantify output anticipated by the end of the project. It is expected, however, that by the end of the first 12-18 months sufficient numbers of proposals will have been received, reviewed, and approved to enable USAID to quantify the life-of-project output for evaluation purposes. It is possible now to identify the output categories that the project will focus on and, by extension, the nature of the output expected.

A major emphasis will be put on human resource development as a crosscutting activity. Significant output under this category will be the increased efficiency of policy makers, planners, managers, accountants, and technicians working at various levels in the public and private sectors. In addition to sub-projects that have training as their primary focus, most other sub-projects will include training as a secondary focus. Thus, quantitatively, training will be a major output of the project.

Improved fisheries infrastructure will also be an important output of the project. Several of the proposals received thus far by USAID have infrastructure development as their primary output. These proposals involve the construction or rehabilitation of infrastructure needed to support production, processing, and marketing activities. A number of the proposals submitted involve the procurement, manufacture, and distribution of fisheries production, processing, and marketing equipment and materials.

Another important output is the generation of improved general and specific knowledge about the constraints and opportunities in the fisheries sector and about policies, programs, and projects that are most appropriate for achieving fisheries development objectives. This knowledge will be generated through project-funded research, studies, and surveys focusing

on knowledge gaps, and it will cover a wide range of subjects including fishery location, production potential and use rates, species migration patterns, limited and localized species-specific production, processing, marketing feasibility, resource monitoring, and management.

Quantitative and qualitative output in each of the above categories will be carefully identified, analyzed, and reported by the Grantees and USAID.

(ii) Input: Input to this project will include:

Training programs, workshops, and conferences: This component will include long-term training for resource management and development personnel and shorter term technical training, as well as a variety of training to address specific needs. It should be noted that almost every input listed below will have a training component.

Commodities: Many of the projects involve the purchase of boats and fishing equipment (docks, freezers, engines, safety and navigational gear, etc).

Consultants, experts, and advisors: These are needed to determine the feasibility of proposed projects and the best means of project implementation, and to advise on narrow technical areas such as electronics, computer applications, resource management, etc.

Travel, per diem, services, and administrative expenses: These are needed to plan, execute, negotiate, monitor, and evaluate projects.

Local input: Both in kind and financial.

(iii) End of Project Status:

The end of project status, after four years, will include economic, social, and institutional returns that are generated by the above-described output. Major among these are increased production, income, and employment; more efficient exploitation of fishery resources; improved monitoring and management of fishery resources; and increased levels of foreign exchange. As described in Section IV.(5)A. below, Project Evaluation, these project returns will be identified, measured, analyzed, and described in the end-of-project evaluation.

II.(6) Project Components:

The project will include six components, which will be

implemented under sub-project activities submitted by eligible South Pacific Governments. All sub-projects submitted to USAID will be reviewed by a Technical Advisory Committee (TAC), which will be established by USAID to assist in sub-project review, selection, implementation monitoring, and evaluation. The TAC will perform a systematic, two-tiered review of each sub-project proposal submitted. The first review will focus on preliminary proposals submitted to USAID and will be guided by the criteria outlined below. This review will result in a decision to accept, reject, or request modification of the preliminary proposal.

Proposals are for or from eligible island nations for U.S. assistance through AID.

Proposals will be in subject areas consistent with USAID's fisheries development strategy.

Proposals must not conflict with AID policies or regulations regarding eligibility.

Proposals must be consistent with the goal and purpose of this project.

The second review takes place following the submission of detailed proposals and will be guided by a different set of criteria, outlined below. As in the preliminary review, this review will result in acceptance, rejection, or a request for further modification of a proposal.

Proposals incorporate cost-risk sharing by the host government and/or locally affected communities if the proposals are to be revenue-generating. These proposals should also show a time frame for eventual self-sufficiency, upgrading, and expansion.

Proposals must be consistent with the development priorities of local and national island governments.

Training components of proposals must be linked to demands for particular skills relating to management of fisheries development.

A proposal must contain reasonably firm cost estimates, evidence that the country has the technical ability to carry it out, and that it addresses a relationship to other donor activities.

In its selection of sub-project proposals, the TAC will give priority to those most consistent with one or more of the following project components:

A. Training:

The lack of skilled manpower is a major constraint to more effective fisheries development in the South Pacific. The administration of fisheries development and management programs in the region is a complex task with ever-changing challenges requiring a variety of skills, at the level of both village artisanal fisheries and the offshore industrial fisheries that most countries in the region are involved in or aspire to become involved in.

This training component will assist a continuing program of education and training at levels identified as important to fisheries development. During the past two decades, remarkable progress has been made in training citizens of island nations to replace expatriates in local fisheries organizations. But there is more to do, and this project will assist training in the following categories:

**Key Position Training:** A few key positions in the category of Chief or Principal Fisheries Officer need to be filled with local individuals who must be adequately educated to assume the positions.

**Training for Upgrading Management:** This training element will upgrade education and training of those currently in the system, particularly to prepare them to manage the complex industrial fisheries that many of the nations already have or aspire to acquire.

**Extension Training:** This element will train new extension personnel to support village-level artisanal fishermen.

**Short Courses:** This training element will address the need to continually educate fisheries personnel at all levels on new technological developments. This training will be accomplished through short courses, seminars, workshops, etc.

**Industrial Fisheries Management (Long-Term Academic):** An additional training element is proposed to educate an individual for a newly created post, if such a trained person does not exist in the cadre of trained people in the region. Fisheries education needs in the region are dynamic: those in the system may be promoted to a



non-fisheries post, may retire, or may move to the private sector.

B. Infrastructure Development:

A second major constraint to the development of the fisheries sector is the lack of infrastructure to support significant increases in production. Thus, island countries are requesting assistance in developing or upgrading the framework required for the production, handling, and marketing of fishery products. Examples include: bigger, safer, more efficient boats; strategically located small boats; repair slips for individual and community use; docks and jetties for loading, launching, and offloading boats; ice boxes and refrigeration facilities to extend the marketable life of fishery products; and facilities to increase marketing efficiency.

C. Equipment and Supplies:

The lack of accessible equipment and supplies needed for production, handling, and marketing of fishery products is another important constraint to the development of the fishery sector. To alleviate this problem, island governments are seeking assistance in procuring and distributing to mainly small-scale producers the following types of commodities: equipment and supplies to build, upgrade, and maintain small- to medium-sized fishing boats; equipment to enhance management capabilities ashore; equipment to increase production capacity such as engines, cold boxes, fishery gear, fish-locating devices, etc.; safety and navigation equipment to reduce the risks of offshore fishing; and micro-computers to enhance fisheries research, monitoring, and management activities. Where training in the installation, use, and maintenance of equipment is appropriate, this will be covered under the training component or as part of the procurement contract.

D. Research, Studies, and Monitoring:

The lack of information on key variables affecting fishery development constrains increasing production and improving the management of fisheries resources. Island governments are requesting assistance in the design and implementation of feasibility studies on such items as the expansion of nearshore and offshore fishing, the viability of local fish canning and storage, and the marketability of fish products at the local, urban, and export levels. This component will help to fund the development of systems of improved data collection,

analysis, and application by public agencies responsible for the conduct of research, studies, surveys, etc. related to fisheries resource management. In addition it will help to fund hydrographic surveys, participation in international research and monitoring programs at the field level, and exchange of management information on foreign fishing activities.

Export Marketing Development:

Private sector groups engaged in marketing in the South Pacific have little knowledge or understanding of specialized U.S. market potential for limited and localized marine species. This is a major handicap to development of an export market in a region where most countries suffer from balance of payments deficits. The project will address this problem by financing efforts of private, island companies to develop export markets in conjunction with their import and fish broker counterparts in the United States.

III. COST, FINANCIAL PLAN, AND ANALYSIS

III.(1) Estimated Costs and Methods of Financing:

The estimated cost of this four-year project is \$5.0 million. As outlined in Table II below, funds will be obligated as follows: FY 86 \$0.757 million; FY 87 \$1.443 million; FY 88 \$1.4 million; and FY 89 \$1.4 million.

Of the first year's funding, approximately 40% will be channelled through FFA and the remainder through grants to the governments of Fiji, Kiribati, PNG, Tonga, Vanuatu, Cook Islands, and Western Samoa. Table II also provides a breakdown of proposed FY 86 obligations indicating the recipient and the type of investment involved. As can be seen, virtually all the components described in II.(6) above are included. The amounts and recipients of future-year obligations will be based primarily on the quality and timing of funding requests submitted by eligible recipients.

Since many small sub-projects are involved, financing arrangements such as those being applied under existing USAID projects will be followed. Except for international transportation and related per diem costs, grantees will disburse all project funds. In order to facilitate project implementation and assure the availability of funds to grantees, the periodic advance method of payment will be used for the project.

The USAID/Manila Controller has formulated advance payment procedures to be used for the project as follows:

Request for advance payment: To request advance payment, grantees will submit a certified consolidated projected cashflow statement to the Regional Development Office (RDO). The advance payment to be requested, initial or otherwise, should not be more than a 120-day cash requirement unless there are compelling reasons that can be fully justified. In small sub-projects full advance funding may be authorized where incremental funding would not be possible or would be detrimental to a purchasing activity.

Replenishment/Liquidation: Each advance payment, whether initial or otherwise, must be accounted for at least quarterly in order for any subsequent advance payment to be made. If a request for an additional advance is desired, then it will be accompanied by a certified consolidated expenditure report as well as the projected cash flow statement and cash disbursement.

Administrative Review: The Project Development Officer (PDO), upon receipt of the above-mentioned documents, will review them and, if they are in order, transmit them to the AID Controller, Manila, for processing of the next advance and/or liquidation of the outstanding advance.

Unexpended Funds: Within sixty (60) days after project completion date, unexpended funds remaining on the advance, if any, must be refunded by the Grantee in the name of "The Treasury of the United States of America," c/o USAID/Philippines.

III.(2) Audit Procedures:

Each sub-project grant will include an audit statement clearly noting the responsibilities of the grantee with respect to the requirement for AID inspection of accounts and auditing. The PDO is responsible for ensuring that all vouchers submitted to USAID are consistent with a grant and its budget. Included in these reviews will be all billing items such as office costs, travel and transportation charges, communications costs, and miscellaneous costs.

TABLE II  
SOUTH PACIFIC FISHERIES DEVELOPMENT PROJECT  
(\$000's)

A. Financial Disbursement Plan

<u>4th Qtr. FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
757	1,443	1,400	1,400

B.

(1) By Component

Estimated Life of  
Project Costs

Training	400
Construction	1,150
Commodities	2,300
Research/Monitoring	450
Marketing	700
TOTAL:	<u>5,000</u>

(2) By Organization/Country

	<u>FY 1986</u>	<u>Estimated All Years</u>
FFA*	316	1,250
ICLARM*	0	64
SPC*	0	53
Cook Islands	0	359
Fiji	60	715
Kitibati	100	358
PNG	95	215
Solomon Is.	0	506
Tonga	13	247
Tuvalu	0	190
Vanuatu	113	113
West. Samoa	60	630
Professional Services (PSC)	0	300
TOTAL:	<u>757</u>	<u>5,000</u>

\* Regional institutions will implement small-country projects. Costs include estimated management and administrative fees.

Note: Inflation and contingency costs are included above.

TABLE III  
SOUTH PACIFIC FISHERIES DEVELOPMENT PROJECT

<u>GRANT TO</u>	<u>FOR</u>	<u>FY86 OBLIGATION</u>
Forum Fisheries Agency (FFA)	Small Countries Small Projects	315,875
Western Samoa	Fish Advisor	60,000
Fiji	Slipways/Communications	60,000
Kiribati	Engine Procurement	100,000
Papua New Guinea	Computer Rehabilitation	95,300
Tonga	Boat Maintenance Centers	9,794
Tonga	Radio Repeater Station	3,214
Vanuatu	Computer Rehabilitation	<u>112,817</u>
TOTAL		\$757,000

If the PDO discovers formal deficiencies during the review of a voucher, he will note such deficiencies in the approval statement. If he finds substantial discrepancies, he will inform the Regional Director and inform the Grantee that payment on the voucher cannot be made until the discrepancy is corrected. In sum the PDO will make every effort to systematically examine records and documents pertaining to the sub-project grants for completeness and acceptability against AID accountability guidelines.

IV. IMPLEMENTATION ARRANGEMENTS

IV.(1) Overview:

The implementation arrangements for the project are complex because of: the large number and variety, and the wide geographic dispersion, of sub-project activities that will be funded; and the number and geographic dispersion of the agencies and individuals involved in sub-project development, selection, implementation, monitoring, and evaluation. Thus it is imperative that the role and responsibilities of each organization involved are clear and understood.

Key implementation events and their sequence are shown in Figure I. Arrangements differ for managing sub-project implementation and evaluation processes for small countries as opposed to larger countries. FFA will have management responsibility for small sub-projects submitted by the smaller countries with the exception of: (a) mid-term and final evaluations, which USAID will manage; and (b) commodity procurement, which USAID will assist the host government with. For the remaining sub-projects, management responsibility will be retained by USAID for all events. These various roles are described below in greater detail.

IV.(2) Administrative Arrangements:

A. USAID's Role:

Monitoring of the project from the AID side will be assigned to a direct-hire AID officer assigned to USAID who will be responsible for monitoring project progress and coordinating closely with personnel of the Grantee agencies. The project manager will be the primary point of contact in USAID for FFA and, as appropriate, other regional organizations and host governments involved in the project. He will review and approve all disbursement vouchers, will answer major correspondence, will prepare all implementation letters, will prepare

status reports, and in general will keep abreast of all noteworthy developments in all aspects of the project.

In view of the logistical and technical complexity of project administration caused by the large number and variety of sub-projects to be funded and by the wide geographic dispersion of those sub-projects, special steps will be taken to ensure that the project officer has adequate support and guidance in carrying out his administrative responsibilities.

B. Implementation Support:

A Personal Services Contractor (PSC) may be employed by USAID on a multi-year contract. If employed, the PSC will work under the direction of the Project Development Officer and will be responsible for the following: monitoring projects, developing/reviewing sub-projects, assisting in the procurement of commodities, and as required drafting AID documentation such as PIO's (Project Implementation Orders).

Given the complexities of doing business in the South Pacific region (e.g. 10 sovereign countries, three U.S. Ambassadors, several regional and international fisheries institutions, and long distances between and within the island nations), the PSC would travel and deal with a diverse group of people and institutions a great portion of the time in support of the sub-projects.

IV.(3) Personnel Assistance:

A. Assistance from Regional and AID/W Personnel:

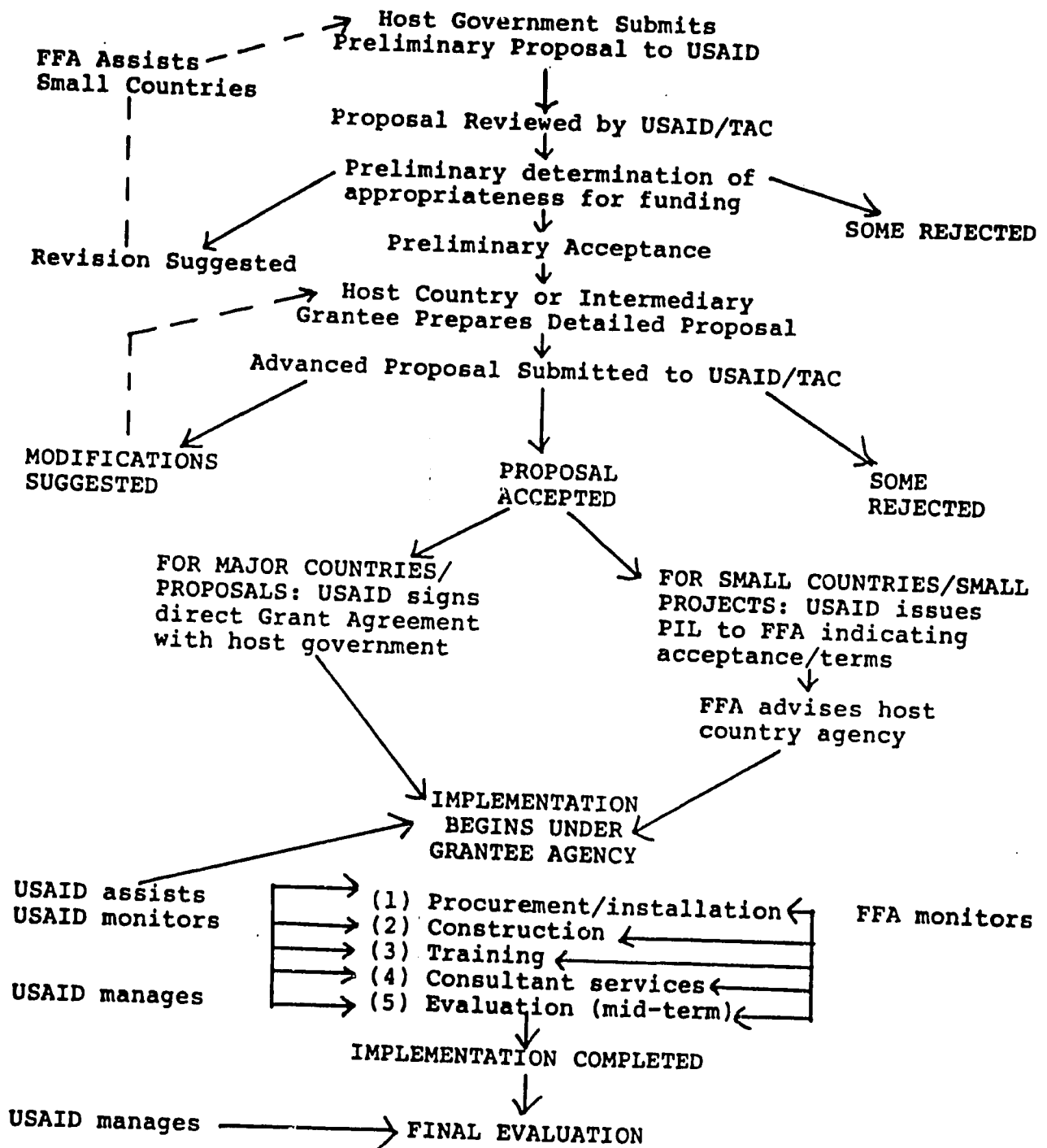
Although sub-projects will be managed by a direct-hire project development officer within USAID, he will call for assistance from other AID staff in Fiji, and when needed, call upon AID/W or other USAID missions or contractors for specialized support (e.g. legal, contract, and procurement assistance).

When provisionally approved, sub-projects requiring additional development will either be dealt with by USAID (in the case of a large-country project) or turned over to FFA or a contractor to assist in analyzing and developing the sub-project.

B. Assistance from the Technical Advisory Committee:

At the outset of the project, USAID will form a Technical Advisory Committee (TAC) to assist in: reviewing proposals; determining the need for technical

**FIGURE I  
DECISION FLOW CHART**





consultants, monitoring, implementation planning, and evaluation. The TAC will consist of:

- (1) Fisheries Development Officer of USAID;
- (2) Fisheries Technical Specialist from AID/W;
- (3) An appropriate educational specialist from and/or familiar with the region;
- (4) Technical specialist from the region and within the U.S. Federal establishment.

This Committee is structured to provide balance of knowledge of South Pacific regional programs, U.S. fisheries programs, USAID worldwide fisheries programs, and regional educational opportunities.

The TAC will meet twice yearly to review incoming proposals and progress of existing sub-projects. For the latter purpose, one or more members of the TAC will visit program sites, reporting to the full TAC as to the progress of individual sub-projects. The TAC may also nominate specific technical experts to assist in the monitoring function. For large sub-projects, the TAC may choose to meet at the site.

C. Yearly Roundtable:

USAID will initiate a yearly roundtable discussion among the South Pacific Island nations covered under this project. These discussions are intended to help foster cooperation among recipients and improve the integration of regional fisheries activities. The meetings will allow USAID to establish priorities for the allocation of funds against new proposals and provide an opportunity to emphasize AID's priorities (e.g. private sector, institutional development, technology transfer) in light of USAID's local objectives in the fisheries sector. Finally it will provide an opportunity to review progress, issues, and evaluation of project implementation.

D. Role of the Forum Fisheries Agency:

FFA will have primary responsibility for assisting the smaller island nations in managing and implementing all small sub-projects of this project. FFA will verify that countries receiving aid through sub-project grants have secured all financing needed for completion of sub-projects. FFA may use its own procurement system as reviewed and approved by AID, or will ensure that recipient countries follow procurement procedures consistent with AID requirements. FFA will be responsible for ensuring that all necessary training is

obtained by beneficiaries, especially that required to effectively maintain and use goods and services purchased through the Grant. FFA technicians will monitor progress sufficiently to certify effective sub-project implementation. FFA will require recipient countries to meet all reporting requirements of grant agreements and submit all such documentation to AID as attachments to FFA reports. FFA will keep USAID informed of general project status, particularly of potential problems that may require USAID's attention.

IV.(4) Roles of Other Participants:

The roles of other participants in the project, such as other donors, host governments, local communities, the SPC, ICLARM, etc., will be outlined in detail in each sub-project. In certain cases, SPC or ICLARM will coordinate all implementation activities under sub-projects for which they accept such responsibility, and will ensure that each participant carries out its assigned role on a timely basis.

IV.(5) Evaluations:

A. Evaluation Plan:

Both periodic evaluations of project and sub-project activities and formal project reviews are planned. An overall mid-project evaluation will be conducted at the end of the second year of the project by a team of external and internal evaluators. An evaluation of each sub-project will be conducted following its completion by the respective grantee. Finally, a formal overall project review will be conducted as part of the annual roundtable sessions.

B. Project Evaluation:

The overall Fisheries Development Project will be formally evaluated about midway through the life of the project. The evaluation will be carried out in accordance with Handbook 3 guidelines. This will be an in-depth evaluation to examine beneficiary impact of, and lessons learned from, both completed and ongoing country-specific and regional sub-project activities. Particular attention will be given to the effectiveness of the project in expanding private sector production and employment, and to assessing cost per beneficiary.

The evaluation will also examine the effectiveness and appropriateness of grantee/USAID project selection/approval criteria, review and approval

procedures, and monitoring/evaluation procedures. Grantee capabilities to effectively implement sub-projects, to comply with AID Standard Provisions and fund accountability, and to adhere to established reporting requirements will be appraised. This evaluation will be conducted by a group headed by an evaluation officer and comprising the project officer and up to four representatives from selected recipient countries, at least one representative from FFA, and one representative (other than the project officer) from the TAC.

C. Sub-Project Evaluations:

Sub-projects will be evaluated by grantees within 60 days of their completion. Grantees will submit to USAID a completed Project Evaluation Summary (PES). USAID will participate in evaluations of selected sub-projects based on criteria agreed upon with recipient governments.

The USAID Project Officer will review each PES submission to identify actual or potential problems. Where appropriate, PES's will be submitted for further review by the TAC. Should the TAC find serious problems with a sub-project, they may recommend termination of disbursements until the problem(s) has been resolved.

IV.(6) Annual Reviews:

The annual roundtable discussions will be used as a forum for formal review of overall project progress and problems. This review will be based on the results of sub-project reports, completed sub-project evaluations, and special reports prepared by the grantees or USAID that address specific implementation problems that are being experienced by several recipient countries or under a particular type of sub-project. The roundtable participants will attempt to resolve such problems or appoint a sub-committee to identify and recommend solutions.

V. PROJECT ANALYSIS

V.(1) Technical Analysis:

Technical analysis of the overall project is possible only in terms of the criteria prescribed for the selection of sub-projects which were outlined above in section II., Project Description. Each sub-project proposal must contain a brief but succinct analysis of its technical feasibility. Technical feasibility thus

will be determined during the review of specific sub-project proposals.

Sub-project proposals generally are expected to be relatively simple and straightforward in design. As such, substantial or complex technical analyses should not be necessary in most cases and should be avoided unless specifically requested by USAID. Each proposal will receive a thorough technical appraisal by the TAC. Whether the proposed technology is feasible, cost effective, and appropriate will be basic concerns of that Committee. Depending on the depth of a given technical question, TAC or outside technical expertise will be called upon to advise the Project Review Committee. Appropriate specialists may be dispatched to proposed project sites to review more thoroughly the project's technical aspects.

In those cases where a sub-project proposal has highly technical aspects, such as certain types of construction or specialized activities, care will be taken to ensure that a grantee has employed adequate technical expertise in developing its sub-project proposal. Particular attention will be given to whether the sub-project proposal has considered alternate technologies. The TAC will compare cost effectiveness, impact on employment, potential spread effects, and the grantee's ability to effectively utilize and maintain the technology.

The project will promote innovative approaches, particularly those which are conceived at the local level and which promote the utilization of local resources. Technical analysis of sub-project proposals will be conducted with an appreciation of the inherent risk which must be assumed in pursuing imaginative and innovative endeavors.

V. (2)

Economic Analysis:

As stated in the Technical Analysis section, individual sub-projects will be quite diverse. An economic analysis is inappropriate for those that may not show an immediately measurable economic benefit, e.g., research projects, training, etc. However, those sub-projects for which an economic analysis is appropriate will include such a section in the proposal, and the review will be accomplished as part of the technical review.

A major economic benefit to the region has been the gaining of EEZ jurisdiction through ratification of the Law of the Sea convention by each nation; the island

nations are requiring fees from foreign fishermen for fishing rights within their respective EEZ's. Currently the most valuable rights are for tuna fishing, although refusal of the U.S. tuna fleet to pay fees is a major source of controversy. Additional living marine resources exist in areas not traditionally fished by island nations, e.g., sea mounts. A considerable, essentially untapped resource is expected to exist in the form of high-value fish such as snapper and grouper. The SPC and others are researching such potential resources; however, considerable needs must be met in order for the resource to be properly utilized. Major considerations are proper training in stock assessment and data handling, purchase of hardware for resource management and training, and equipment for fishermen, all elements of this project.

Significant potential for expansion exists, but expansion must be rational and properly managed. Some potential for aquaculture exists, e.g. the giant clam, trochus, pearl shell, milkfish, and shrimp; however, a recent review by the PIDP at the University of Hawaii shows that successes have been few. Rather than mount major new initiatives in the culture of fish and shellfish, this project will augment those that have proven to be economically feasible, or perhaps conduct studies to determine their economic feasibility. Significant potential exists for export to Pacific Rim countries, Hawaii, Australia, and New Zealand. Opportunities also exist for joint ventures, which may prove more economical for the nation in question. In the case of tuna, set fees will provide direct economic benefit from a living marine resource in each nation's EEZ.

V.(3) Social Soundness:

The South Pacific region shares one common heritage: rural upbringing and dependence on subsistence agriculture and fishery. However, the region is undergoing sociocultural changes of traumatic proportions. These changes include:

Migration patterns to urban areas, resulting in high unemployment and under-employment rates, particularly among young people;

Exposure to the values of other societies, leading to dissatisfaction with subsistence living, erosion of the traditional value system that has been based on family and group loyalties, and increased demand for imported goods;

Increased demand for imports not matched by increased exports, primarily because most island production is oriented toward local use and island isolation makes both imports and exports expensive, leading to balance of payments problems and dependence on foreign aid; and

Increase of population faster than that of family resources, which has led to the separation of family from wage earners in search of urban employment, resulting in marital discord, neglect of children, and alcoholism.

To address these and similar problems, island nations must increase the supply of fishery products for both local use and export, create employment opportunities, pursue development that enhances traditional sociocultural practices and enriches village life, and improve health and education.

This project and its components will enable island nations to progress toward many of their goals. Some sub-projects will improve the balance of trade and provide added income through the export of high-value marine species. Some sub-projects will enhance traditional village-level fishery through improvement of access to fishing grounds, development of previously unexploited or under-exploited resources, introduction of improved small-scale technology for the capture and preservation of fish products, and exploration of new resources and technologies.

Some sub-projects will create local employment opportunities for both men and women in certain areas by developing industrial fisheries and the infrastructure for these fisheries. A high percentage of the population of the island nations is under 15 years of age, and this project is aimed at addressing the increased nutritional requirements of a rapidly expanding population as well as providing employment opportunities pursuing traditional, but improved and expanding, fishery. This project, through education, will place increased emphasis on social awareness and the importance of sound stewardship of renewable resources from the sea.

V.(4) Administrative Feasibility:

A. Grantees:

Within recipient governments the administrative burden will fall on the Ministries of Agriculture and Fisheries

or their equivalent. Since the administrative duties associated with individual sub-projects are nominal, the project should not put a large administrative burden on the Ministries involved. Past USAID experience under two similar projects, the Accelerated Impact Program (879-0256) and the PVO Co-Financing Project (879-0001), supports this view. Furthermore, under both these projects the Ministries of Agriculture and Fisheries have gained valuable experience with respect to AID design, procurement, and accounting requirements and procedures. Furthermore, the project calls for a full-time personal services contractor to assist the USAID Project Officer. One of the duties of the PSC will be to guide grantees in their performance of sub-project development and implementation activities.

B. Institutional Analysis - Forum Fisheries Agency (FFA):

The FFA was established in 1979 to, inter alia, promote intra-regional coordination and cooperation and provide on request technical assistance to member nations to develop nationally or locally based tuna fishing operations. Although FFA has not previously worked directly with USAID in project development and implementation, the Agency is engaged in a number of such activities related to projects funded by UNDP, FAO, New Zealand, and Australia.

Feedback obtained by USAID indicates that these activities are proceeding approximately on schedule. Based on this experience, FFA has demonstrated a capacity to adapt to varying systems for developing, implementing, monitoring, and reporting on fisheries projects. Furthermore it is planned that, initially at least, FFA grantee status will be limited to small countries and relatively small sub-projects. The administrative and logistical support requirements associated with the activities involved would be limited to levels that are clearly within FFA's capacity to carry out, based on past experience.

Notwithstanding this experience, the PSC consultant financed under the project will provide technical and administrative guidance to the FFA during the development, implementation, and evaluation stages of the sub-projects to be implemented by that Agency.

Based on these factors, USAID is confident that FFA will be capable of effectively carrying out its responsibilities as a grantee under the project.

C. USAID:

Small-project activity is not new to USAID. As indicated above, currently included within its project portfolio are more than 60 small projects under the AIP and PVO Co-Financing projects in various stages of design implementation and evaluation. Based on numerous GAO audits, project evaluations, and informal direct sub-project observations, USAID has achieved remarkable success in effectively implementing a regional portfolio dominated by small projects.

USAID is aware that acceptance of responsibility for sub-project implementation under this project means that USAID staff must assume ultimate responsibility for reviewing proposals, allocating limited funds among competing requests from 10 countries in the region, monitoring progress, and evaluating results. To ensure that manpower resources are adequate to carry out these responsibilities, the project provides for the full-time services of a project management consultant to assist the Mission project officer, who will himself devote more than 60% of his time to the project. Past USAID experience with small-project development, implementation, and evaluation indicates that these resources will be adequate to ensure that Agency implementation standards are met.

In light of the Mission's experience with a large number of small sub-project proposals under the AIP and PVO Co-Financing projects, the USAID/TAC will be particularly alert to the following:

- (1) Proposals that are improperly conceived and badly presented;
- (2) Proposals that set forth unrealistic goals and targets;
- (3) Proposals that lack a plausible implementation plan;
- (4) Proposals with inordinately high cost/benefit ratios;
- (5) Proposals with budgets having inordinately high and improperly calculated overhead rates;
- (6) Proposals which are repeatedly submitted with corrections suggested by USAID until they amount to what is essentially a USAID development proposal.



V.(5) Conditions, Covenants, and Negotiating Status:

A. Conditions Precedent:

Prior to disbursement of funds under the project a grantee will furnish, in form and substance satisfactory to USAID, a statement identifying the persons responsible for the implementation of the project and responsible for coordinating project components.

B. Covenants:

- (i) A grantee shall covenant that it shall process and clear expeditiously, and store and distribute properly, all goods financed under the project.
- (ii) No funds provided under the project will be used for activities directly benefiting any South Pacific area that is under the administration of another government or that is not fully independent.
- (iii) Training which takes place in grantee countries will be undertaken in accordance with the local training rules set forth in Chapter 6 of AID Handbook 10.
- (iv) Project financial records will be maintained, including documentation to support entries on accounting records, and following generally accepted accounting practices, to substantiate charges against the project for a period of at least three years after the final disbursement of funds under the project.
- (v) The project will be subject to an independent audit by certified or chartered public accountant, and grantees will furnish copies of such audit reports to AID along with information that may be requested by AID with respect to audit questions or recommendations.

C. Negotiating Status:

USAID will immediately draft grant agreements with the institutions and countries listed under the financial summary for first-year obligations. USAID does not foresee any significant problems negotiating and finalizing the sub-project grant agreements for FY 1986, or for any subsequent years.

Grant agreements with regional institutions must receive a non-objection statement from the appropriate host government. These non-objection statements must be obtained by the institution.

V.(6)

Environmental Analysis:

During the life of the project, several grants will be distributed to individual island nations or to regional fisheries-related organizations. Each grant is expected to include any combination of a variety of sub-projects that involve training, construction of infrastructure, commodities purchase, marketing activities, research, or resource monitoring. With the possible exception of construction activities, adverse environmental effects are not expected to result from execution of the proposed sub-projects. Specific sub-projects involving construction activities will be examined on a case-by-case basis prior to preparation of the grant agreement and in consultation with the Bureau Environmental Officer.

As the project develops, it is conceivable that proposals from island nations may be received that could require an analysis of potential environmental effects. If this becomes the case, USAID may request an environmental assessment for specific sub-project elements, request preparation of an EIS, or exclude the sub-project due to its potential adverse environmental effect.

V.(7)

Waivers:

Because of the unusual number and type of sub-projects involving individual island countries, waivers for goods and services will be proposed and issued case by case. The Regional Director, South Pacific has been delegated the authority to waive source, origin, or nationality requirements for project or program activity goods and services, other than transportation services, up to \$5 million per transaction. Each waiver issued by USAID will be based upon appropriate criteria in Handbook 1B., may require a specific waiver certification, shall be made in consultation with AID technical and legal staff, and will be appropriately distributed to AID offices. Waivers issued on behalf of the FFA will be similarly handled.

ACTION: AID INFO EXEC CHRON

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CN: 18159  
CHRG: AID  
DIST: AID

**ACTION**

ACTION	RD	INFO
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<i>Handwritten</i>	RDO	<i>[Signature]</i>
<i>a.</i>	PDO	
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EO 12356: N/A

TAGS: N/A

SUBJECT: SOUTH PACIFIC REGIONAL FISHERIES DEVELOPMENT PROJECT (879-0009) - PID ANPAC REVIEW

REF: A SUVA 83436; B STATE 352475 DTD 11/16/85

1. ANPAC REVIEWED SUBJECT PID AND APPROVED IT AT REDUCED LEVEL OF DOLLARS 5.0 MILLION. SPRDO IS AUTHORIZED IN HIS DISCRETION TO PREPARE AND APPROVE THE PROJECT PAPER AND TO AUTHORIZE THE PROJECT SUBJECT TO AID HANDBOOK REQUIREMENTS AND TO GUIDELINES SET OUT BELOW. ANPAC RAISED TWO PRINCIPAL ISSUES AND A NUMBER OF CONCERNS.

2. DECISION TO REDUCE FUNDING IS CONSISTENT WITH LEVEL PROPOSED IN ORIGINAL CABLE (REF B) AND FY 1987 CONGRESSIONAL PRESENTATION AND REFLECTS CONCERN WHETHER FUTURE YEAR FUNDS WILL BE AVAILABLE FOR THIS PROJECT AS WELL AS OTHER POSSIBLE FISHERY RELATED ASSISTANCE.

3. ISSUES AND GUIDANCE FOR PROJECT PAPER PREPARATION FOLLOW

A. THE FIRST ISSUE IS WHETHER SUBPROJECT SELECTION

CRITERIA IN PID ADDRESS KEY AGENCY DESIGN, IMPLEMENTATION AND EVALUATION CONCERNS (SOCIO-ECONOMIC, FINANCIAL, TECHNICAL AND ADMINISTRATIVE SOUNDNESS GUIDELINES) AS WELL AS AGENCY POLICY PRIORITIES. CRITERIA SHOULD PROVIDE THAT ONLY THOSE SUBPROJECTS APPROPRIATE FOR AID SUPPORT AND THOSE GENERATING MAXIMUM DEVELOPMENT IMPACT WOULD BE FUNDED.

SUBPROJECTS THAT INVOLVE PHYSICAL FACILITIES OR EQUIPMENT REQUIRE SUFFICIENT ENGINEERING AND ECONOMIC PLANS TO CARRY OUT THE ACTIVITY AND A REASONABLY FIRM ESTIMATE OF THE COST. THE PP SHOULD DESCRIBE PROCEDURES WHICH HAVE BEEN ESTABLISHED TO ASSURE THIS REQUIREMENT IS MET.

ANPAC DECIDED THAT PP MUST INCLUDE SUCH CRITERIA. ANE/PD ASSISTANCE WILL BE PROVIDED IN SUGGESTING

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CRITERIA TO ADDRESS THIS ISSUE (AND DESIGN ASSISTANCE TO BE ADDRESSED REFTTEL).

B. THE SECOND ISSUE INVOLVES UNCERTAINTY REGARDING THE MANAGEMENT AND TECHNICAL CAPACITY OF THE POTENTIAL INTERMEDIARY ORGANIZATIONS FOR THE MANY TYPES OF SUBPROJECTS CONTEMPLATED. ANPAC CONCERNS INCLUDE THE ORGANIZATIONS' CAPACITY TO APPLY AID-RELEVANT SELECTION CRITERIA AND TO MONITOR AND PROVIDE TECHNICAL AND MANAGERIAL SUPPORT DURING THE IMPLEMENTATION . ✓

THE INFORMATION PROVIDED REFTTEL A AND IN RECENT DISCUSSIONS WITH LAMAR TROTT MAKE IT CLEAR THAT THE PROJECT WILL, OF NECESSITY, CALL ON A NUMBER OF INTERMEDIARIES FOR MANAGEMENT AND TECHNICAL SUPPORT . TO THE EXTENT THAT THESE SOURCES CAN PROVIDE THE REQUIRED SUPPORT, CAN BE AVAILABLE ON A TIMELY BASIS AND CAN BE EFFECTIVELY COORDINATED, THE MANAGEMENT/TECHNICAL FEASIBILITY OF THE PROJECT IS STRENGTHENED. THE PP SHOULD ASSESS INTERMEDIARIES' CAPACITIES AND PROVIDE FOR THEIR TIMELY INVOLVEMENT AND FOR COORDINATING AND INTEGRATING THEIR INPUTS.

C. BECAUSE LIMITED INFORMATION AND TIME AVAILABLE DO NOT PERMIT THE DEVELOPMENT OF A COMPREHENSIVE LIST OF SUBPROJECT SELECTION CRITERIA OR TO CARRY OUT THE MANAGEMENT/TECHNICAL CAPACITY ASSESSMENTS FOR EACH OF THE ORGANIZATIONS PROVIDING IMPLEMENTATION SUPPORT, THE ANPAC SUGGESTS THAT PROJECT BE IMPLEMENTED IN TWO PHASES . DURING FIRST PHASE, SELECTION AND IMPLEMENTATION OF SOUND SUBPROJECT PROPOSALS ON HAND SHOULD PROCEED UP TO THE LIMIT OF THE FIRST YEAR'S ✓

OBLIGATION (DOLS 757,000). DURING THIS PERIOD YOU AND THE INTERMEDIARIES COULD REFINE SELECTION CRITERIA AND DEVELOP PROJECT IMPLEMENTATION CAPACITIES.

4 CONCERNS: ANPAC ALSO HAD RAISED THE FOLLOWING CONCERNS AND GUIDANCE FOR PP PREPARATION:

A. BENEFICIARIES: PID HAD LITTLE TO SAY ON THIS SUBJECT. THE PP AND SUBPROJECT PROPOSALS SHOULD IDENTIFY DIRECT AND INDIRECT BENEFICIARIES .

B REGIONAL EDUCATIONAL ADVISORY COUNCIL: ANPAC QUESTIONS THE WISDOM OF ESTABLISHING A NEW EDUCATION ORGANIZATION UNLESS THE SPRDO IS CONVINCED THAT THE COUNTRIES INVOLVED ARE ABLE AND WILLING TO SUPPORT IT ON A CONTINUING BASIS. PERHAPS THIS FUNCTION COULD BE SHIFTED TO THE PROPOSED TECHNICAL ADVISORY COMMITTEE DURING THE LIFE OF THE PROJECT. ✓

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## AIDAC

C RESEARCH: SUGGEST STRENGTHENING REGIONAL FISHERIES RESEARCH CAPABILITIES WOULD BE AN OBJECTIVE WORTH INCLUDING IN PROJECT. ACTIVITIES COULD INCLUDE TRAINING OF RESEARCH WORKERS.

D FEASIBILITY STUDIES: PAST PROJECTS HAD PROBLEMS WITH SOCIO-CULTURAL AND INSTITUTIONAL ISSUES. PROJECT SHOULD INCLUDE PROVISION FOR TECHNICAL ASSISTANCE AND STUDIES IN BOTH AREAS.

E ASSISTANCE TO COMMERCIAL ACTIVITIES: FUNDING OF PROPOSED SUBPROJECT ACTIVITIES INVOLVING COMMERCIAL ELEMENTS SHOULD BE PROVIDED IN ACCORDANCE WITH AGENCY POLICY FOR ASSISTING COMMERCIAL ACTIVITIES. SEE SECTION V D PAGES 12-14 OF REVISED AID POLICY PAPER ON PRIVATE ENTERPRISE DEVELOPMENT DATED MARCH 1985 WHICH IS IN HANDBOOK 1, AND SECTION VI.C. PAGES 17-20 OF RECENTLY COMPLETED AID TRADE DEVELOPMENT POLICY PAPER DATED JULY 7, 1986 (ANE/PD WILL PROVIDE COPY). ASSISTANCE TO COMMERCIAL ACTIVITIES SHOULD ALSO REFLECT THE CULTURAL ENVIRONMENT WITHIN WHICH THE ORGANIZATION RECEIVING THE ASSISTANCE OPERATES. FOR EXAMPLE, LOCAL VALUES MAY PRECLUDE GRANTS TO VILLAGE ASSOCIATIONS ENGAGED IN COMMERCIAL ACTIVITIES, BUT MIGHT PERMIT LOANS TO SUCH ASSOCIATIONS.

F. ENVIRONMENTAL PROCEDURE: SEE HANDBOOK 3 APPENDIX 2D ANE/PD/ENV REQUESTS PRELIMINARY ENVIRONMENTAL REVIEW BE PREPARED AS PART OF PP. SUBPROJECTS THAT INCLUDE CONSTRUCTION ACTIVITIES OR OTHER MODIFICATION OF

THE PHYSICAL OR BIOLOGICAL ENVIRONMENT WILL REQUIRE PREPARATION OF AN INITIAL ENVIRONMENTAL EXAMINATION. WE ANTICIPATE ENVIRONMENTAL REVIEW OF SITE-SPECIFIC CONSTRUCTION PROJECTS LESS THAN DOLS 100,000 CAN BE CONDUCTED BY QUALIFIED SPRDO PERSONNEL. ANE/PD/ENV REQUESTS OPPORTUNITY TO APPROVE ENVIRONMENTAL REVIEW DOCUMENTS PREPARED BY USAID FOR SITE-SPECIFIC SUBPROJECTS MORE THAN DOLS 100,000. ANE/PD/ENV IS PREPARED TO ASSIST SPRDO IF SPECIFIC NEEDS ARISE FOR ASSISTANCE WITH ENVIRONMENTAL PROCEDURES OR REVIEW DOCUMENTS. IN PARTICULAR, NOTE AVAILABILITY OF DR. HARVEY VAN VELDHUIZEN, AN ENVIRONMENTAL SPECIALIST WITH STRONG MARINE BIOLOGY, COASTAL RESOURCE MANAGEMENT, AND IMPACT ASSESSMENT BACKGROUND (STATE 260799 DATED 8/19/86).

G MACRO ECONOMIC IMPACT: TO THE EXTENT FEASIBLE THE PP SHOULD IDENTIFY IN A GENERAL WAY THE OPPORTUNITIES IN THE REGION FOR SIGNIFICANT EXPANSION OF CATCH, INCOME, AND EMPLOYMENT THAT PROJECT WILL EXPLOIT. IN ADDITION, PROJECT SHOULD GENERATE SUFFICIENT BASELINE AND FOLLOW ON INFORMATION TO ALLOW FOR A REASONABLE ESTIMATE OF IMPACT.

H. STATUTORY CHECKLIST FOR ESF PROJECTS REQUIRED IN

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PROJECT PAPER · SEE HANDBOOK 3, APPENDIX 34

I. FOR AUTHORIZATION FORM, SEE HANDBOOK 3, APPENDIX 5D.

J. IN PP, SPRDO WILL NEED TO IDENTIFY METHOD FOR  
OBLIGATING FUNDS, WHETHER SUBPROJECT GRANTS ARE TO BE  
MADE BY INTERMEDIARY ORGANIZATION OR BY USG, AND  
APPLICABLE AID RULES AND REQUIREMENTS, INCLUDING NEEDED  
WAIVERS, IF ANY. WHITEHEAD

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PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project:  
From FY 1986 to FY 1991  
Total U.S. Funding: \$5,000,000  
Date Prepared: September 1986

Project Title & Number: South Pacific Fisheries Development Project (879-0009)

NARRATIVE SUMMARY  
PROGRAM OR SECTOR GOAL

To maintain a useful and meaningful U.S. presence in the South Pacific and help sustain the goodwill toward the U.S.

OBJECTIVELY VERIFIABLE IND.  
MEASURE OF GOAL ACHIEVEMENT

- 1) Improved fish catching and marketing by islanders.
- 2) Increased local income derived from fishing.
- 3) Increased use of U.S. technology and concepts in solving South Pacific fisheries development.
- 4) Improved South Pacific island cooperative exploitation monitoring and use of technical resources.

MEANS OF VERIFICATION

- 1) Local income data produced at national levels and through surveys and research conducted by UNDP, regional institutions and ad-hoc studies by FFA, SPC, etc.
- 2) Fish import data from national governments.
- 3) Increased data on cooperative fishing techniques and fishing techniques and fishing ventures from national levels.
- 4) Increased number of regional technical data.

IMPORTANT ASSUMPTIONS  
FOR ACHIEVING GOAL TARGETS

- 1) That the sub-activity grantees reflect the objectives and priorities of the public and private island nations fisheries sectors.
- 2) That the South Pacific region, its component governments and communities perceive the future as changeable, and accept primary responsibility for creating that change.
- 3) That the South Pacific regional organizations and governments help to ensure local communities have access to public resources to assist that change.

### PROJECT PURPOSE

To design and implement fisheries development activities, promoting economic stability and self-sustaining growth for the South Pacific island nations assisted by the USAID Regional Development Officer.

### END OF PROJECT STATUS

- 1) Local fishermen improve income earning employment opportunities in villages.
- 2) Increased local supplies of fish for consumption and/or sale in urban market centers.
- 3) Improved marketing of local fish with high export value.
- 4) Increased number of islanders replacing expatriates in managerial and technical positions.
- 5) Improved fishing facilities including boats, storage (refrigeration).
- 6) Improved fishing techniques

### ASSUMPTIONS FOR ACHIEVING PURPOSE

- 1) That SPRDO strategy priorities continue to coincide with strategy priorities of island governments.
- 2) That SPRDO continues a policy of advocating and assisting increased and effective import analysis.
- 3) That island nations will provide assistance in developing local fish export marketing.
- 4) That the donor community pursues the objective of replacing expatriate managers and technicians with qualified islanders.

### OUTPUTS

- 1) Number of sub-projects financed under this fisheries development activity.
- 2) Number of non-project activities such as workshops, conferences and technical assistance.
- 3) Number of islanders directly or indirectly benefitting from sub-projects and activities.
- 4) Number, type and quality of fish to be sold at local markets.
- 5) Number of new facilities and/or boats.

### MAGNITUDE OF OUTPUTS

- 1) Depending on number of sub-projects estimated 10-12 and several non-project sub-activities (4-6) local islanders will, within the life of project, be directly or indirectly benefitted.
- 2) An estimated 20 facilities will have been constructed through the South Pacific and 12 new vessels will have been provided to islanders.
- 3) Because of new techniques there will be increased fish catches of up to 75% in sub-project areas served.

- 1) Reports by SPRDO on overall project progress.
- 2) Periodic program/financial status reports from sub-granted institutions, agencies and consultants.
- 3) On-site evaluation of above by SPRDO and local governments.
- 4) Periodic sub-grantee audits of the programs which include SPRDO sub-projects.

### ASSUMPTIONS FOR ACHIEVING OUTPUTS

- 1) That SPRDO can identify and contract with qualified private institutions, agencies and government bodies to carry out the sub-activities.
- 2) That AID/W maintains its policy of support to the South Pacific region.
- 3) That local host governments and communities will provide locations and continued support for construction activity.



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INPUTS

- 1) Equipment, supplies, transportation.
- 2) Consultants, experts, advisors.
- 3) Services, administrative expenses.
- 4) Training, workshops, conferences.
- 5) U.S. technical services.
- 6) Other local inputs, in kind and financial.
- 7) Travel and per diem.

IMPLEMENTATION TARGET  
(TYPE/QUANTITY)

- |                 | (\$000) |
|-----------------|---------|
| 1) Construction | 1,560   |
| 2) Commodities  | 2,730   |
| 3) Training     | 730     |
| 4) Research     | 780     |
| 5) Marketing    | 700     |

- 1) Sub-project and activity proposals and grant agreements signed.
- 2) Sub-granted agencies' financial statistical and narrative progress reports.

ASSUMPTIONS FOR PROVIDING INPUTS

- 1) That SPRDO receives, and is able to program annual congressional appropriations for the fisheries development activities.
- 2) That the island nations will allow for the importation of U.S. manufactured commodities and provide the bases for an infrastructure to maintain and operate the commodities and facilities.

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## ANNEX C

Examples of projects that illustrate the proposed fisheries development activities follow.

### (1) Small-boat maintenance centers in Tonga

Tonga is a nation consisting of three separate island groups and a fishing area of 1.345 million square kilometers, from which 51% of the population derives a livelihood from fishery and agriculture. Despite substantial progress in fisheries development over the past decade, serious problems exist in the management of inshore resources and the utilization of under-exploited stocks, particularly those of the outer-reef bottom and of offshore tuna.

A constraint to more efficient exploitation of resources is the lack of scattered boat shelters and lockers to protect boats, motors, and fishing gear. This project proposes to construct thirty shelters (4 with lockers) at locations convenient to both village launching sites and fishing grounds. These shelters will protect boats, motors, and fishing gear from the ravages of weather, and they will increase the efficiency of fishing activities by allowing fishermen to spend more time on the fishing grounds. This aim can be accomplished at modest cost (less than \$400 per shelter), with New Zealand Aid contributing some of the funds.

### (2) Exploratory fishing to develop a new resource in Tonga

Surface trolling for albacore tuna has developed in waters south of Tonga in the past few years as a result of exploratory fishing by various nations and research efforts by the U.S. National Marine Fisheries Service (NMFS). Tonga is in an excellent position to harvest this valuable resource with only minor modifications to its existing long-line vessel. Surface trolling for albacore is a seasonal activity, and Tonga's involvement could dovetail with its current long-line fishery to provide a valuable resource for both local consumption and export.

This proposal requests funds for modification of gear and for operating costs to conduct exploratory fishing during the next albacore season.

### (3) Tuna purse-seining and establishment of cannery in Western Samoa

An example of a project that appears to be inappropriate at this time is the proposal by Western Samoa to engage in a study of the feasibility of establishing a locally based, purse-seine vessel to fish local waters. In addition, Western Samoa also wants to

look into the feasibility of establishing a cannery in Western Samoa. The circumstances of the current tuna-canning industry dictate against such an enterprise.

On the broad scale of the western tropical Pacific, skipjack tuna resources are no doubt under exploited; whether there are sufficient concentrations of surface skipjack to sustain a seiner operation in the Western Samoan EEZ is questionable. Purse-seine fishing for tuna is highly sophisticated, and those who have perfected the methodology are reluctant to share their knowledge. It requires a large initial capital investment in boats, gear, and support facilities, and seiners are expensive to operate. As a high-technology operation requiring skilled supervision, it employs fewer people than do pole and line boats. Approximately 150 purse seiners are reported to be operating in the tropical Pacific, with a significant number of them failing to make a profit. The current depression of tuna prices is predicted to be long term. With the smallest EEZ of any of the nations of the South Pacific and with unpredictable fluctuations in the size of stocks, Western Samoa is not an appropriate area to explore tuna seining at this time.

The tuna cannery feasibility study is likewise inappropriate to pursue at this time. The highly competitive nature of tuna canning in a depressed market has caused the United States to close all its mainland canneries, leaving open those in American Samoa and Puerto Rico, where labor costs are lower. A cannery in Western Samoa would have to compete for the low-quality market with Thailand, or for the high-quality market with canneries in the Philippines, Fiji, and American Samoa that are either losing money or are only marginally profitable.

Concentration of the limited resources for development on a project such as the further exploration and development of the resources of Pasco Bank would more closely coincide with the stated goals of Western Samoa and would have a much better chance of success.

(4) Canoes for fisheries assistants in Kiribati

Fisheries assistants have been placed in all 15 of the outer islands of the main Gilbert group in Kiribati. The role of these individuals is an extension-general support one, coordinating activities of fishing groups, selling fishing gear, demonstrating new fishing techniques, and supporting local aquaculture projects. Most of the outer islands have a typical atoll configuration with a number of islets scattered about a central lagoon. Lack of mobility of these fisheries assistants is a major handicap, as public or private transport is not available.

Three canoe-style craft with 9-horsepower engines and sails are requested for the Outer Island fisheries assistants, who will evaluate their cost effectiveness and test their handling in a wide range of operating conditions. The canoes will be constructed at an FAO/UNDP-supported boat-building venture already established in Tarawa.

(5) Insulated boxes for fish handling in Tavalu and Kiribati

A Fish Processing and Marketing Center is currently under construction at the district center in Funafuti, Tuvalu. Serving the nine islands in the groups, it will provide storage and processing facilities for marine products. The center will supply, collect, preserve, and market fish to meet local needs as well as export some high-quality fish to overseas markets. A similar center exists in Kiribati.

Funds are requested to construct insulated fish boxes for fishermen in an attempt to maintain the high quality of fish supplied to the markets. These boxes will be custom built locally to suit various configurations - canoes, open powered skiffs, and diesel-powered launches, and they will be provided to fishermen at minimum cost.

(6) Resource surveys in Cook Islands and Niue

The governments of Cook Island and Niue are planning a program of nearshore surveys of major, economically important fish resources. Of particular concern are bottom fish, which may provide the greatest potential for expanding nearshore fisheries resources. The Cook Islands and Niue are sparsely populated nations dispersed in an EEZ that is over two million square kilometers in area. In order to accomplish the task, a small boat, engine, compressor, generator, and other gear are needed for each of the four locations. A mobile basis for conducting a variety of survey techniques will thus be available.

(7) Development of offshore bottom fishing in Western Samoa

The fisheries resources of inshore areas around virtually all of the populated Pacific Islands have been heavily depleted. A major, under-utilized resource that lends itself to modified artisanal fishing is bottom fish (mostly snappers, groupers, and jacks) of the outer reefs and banks. The species obtained from this fishery are of high value, both locally and as an export item that commands a high price in Japan, Hawaii, and elsewhere.

A recent survey of offshore banks has mapped Pasco Bank, which lies 90 nautical miles northwest of Savaii, and exploratory fishing indicates that good stocks of bottom fish exist on this 85-square mile bank. Its distance from the islands and fishing

conditions on the bank preclude use of small, open catamarans, and a new vessel designed to exploit this important resource is being requested. The vessel will be 12 - 14 meters in length, with appropriate power plant, refrigerated fish hold, accommodation for 6 persons, appropriate navigational and safety equipment, and a full set of fishing gear.

Initially it is proposed that the vessel be based in Apia and make three 6-day trips per month to Pasco Bank, with an expected catch of 1200 kilograms per trip. It is further proposed that in 1987 a fisheries center be established at Asau on Savaii that would create a substantial saving in travelling time to the fishing grounds.

The project, to extend over a four-year period, will include planning construction of the vessel, delivery of the vessel, salary for a master fisherman, and training funds.

Up date prepared 12/18/86

PROGRAM	FY 1986	(U.S. \$000 )				
		FY87	FY88	FY89	FY90	
<b>FIJI</b>						
SLIPWAYS CONST.	20	140	140	0	0	
INFORMATION	40	0	0	0	0	
SHEDS/DATA	52	0	0	0	0	
<b>KIRIBATI</b>						
ENGINE	100	0	0	0	0	
ENGINE AMEND		4	0	0	0	
FIREFIGHTING	0	18	18	16	0	
MIS CORRESP.	0	21	0	0	0	
TML ENGINEER	0	3.3	0	0	0	
ICE MACHINE	12	0	0	0	0	
FISH CANOES	9	0	0	0	0	
FADS	20	0	0	0	0	
FISH BOXES	3.5	0	0	0	0	
SEAWEED FARM	10	0	0	0	0	
MILKFISH	5	0	0	0	0	
FISH STUDY	3	0	0	0	0	
LIBRARY STUDY	6	0	0	0	0	
BUILDING IMP.	10	0	0	0	0	
<b>PNG</b>						
COMPUTER REHAB	95.5	88.5	0	0	0	
<b>TONGA</b>						
BOAT MAINTENANCE	9.8	0	0	0	0	
RADIO REPEATER	3.1	0	0	0	0	
SUBPROJECTS FSP	0	86	100	0	0	
<b>VANUATU</b>						
COMPUTER REHAB	112.8	72	0	0	0	
<b>WESTERN SAMOA</b>						
FISH ADVISOR	60	53.5	0	0	0	
<b>COOK ISLANDS</b>						
CLAM SEEDING	2	0	0	0	0	
SEAWEED FARM	4	0	0	0	0	
PEARL SHELL	22.8	0	0	0	0	
<b>NIUE</b>						
RESOURCE STUDY	0	6	0	0	0	
BOAT LANDING	0	18	15	0	0	
MACHINE EQUIP.	0	25	0	0	0	
<b>TUVALU</b>						
FADS	7	0	0	0	0	
FISH BOXES	6	0	0	0	0	
SAFETY EQUIP	10	0	0	0	0	
EXTENSION SER.	6	0	0	0	0	
TRAIN/EQUIP.	7	0	0	0	0	
TELEX	12	0	0	0	0	
<b>SOLOMON ISLANDS</b>						
FISHERIES REHAB		22.8	0	0	0	
<b>South Pacific Commission</b>						
Trolling hand-book		10	0	0	0	
<b>TOTALS BY FY=</b>		<b>\$757*</b>	<b>\$567.1</b>	<b>\$273</b>	<b>\$16</b>	<b>0</b>

\*this figure includes \$178,000.00 not shown above for future activities by the FFA for small projects, small countries.

ANNEX D

STATUTORY CHECK LISTS  
Project No. 879-0009  
South Pacific Fisheries Development Project

COUNTRY CHECKLIST

Ten South Pacific Island Nations are included in this project plan. Responses to the following questions are applicable to all ten nations unless otherwise noted.

A. General Criteria for Country Eligibility:

1. FAA Sec. 481(h)(1); FY 1986 Continuing Resolution Sec. 527. Has it been determined or certified to the Congress by the President that the government of the recipient country has failed to take adequate measures or steps to prevent narcotic and psychotropic drugs or other controlled substances (as listed in the schedules in Sect. 202 of the Comprehensive Drug Abuse and Prevention Control Act of 1971) which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personned or their dependents or from entering the United States unlawfully? No
  
2. FAA Sec. 481(h)(4). Has the President determined that the recipient country has not taken adquate steps to prevent (a) the processing, in whole or in part, in such country of narcotic and psychotropic drugs or other controlled substances, (b) the transportation through such country of narcotic and psychotropic drugs or other controlled substances, and (c) the use of such country as a refuge for illegal drug traffickers? No

3. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government?

No South Pacific government is currently in violation of FAA Sec. 620(c).

4. FAA Sec. 620(e)(1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

On two occasions in the past few years, American tuna boats were seized by governments which found them intruding into their declare EEZ. Fines were paid and the boats were returned to the U.S. owners.

5. FAA Sec. 620(a), 620(f), 620D; FY 1986 Continuing Resolution Sec. 512. Is recipient country a Communist country? If so, has the President determined that assistance to the country is important to the national interests of the United States? Will assistance be provided to Angola, Cambodia, Cuba, Iraq, Syria, Vietnam, Libya, or South Yemen? Will assistance be provided to Afghanistan without a certification?

No.

6. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property?

No.



7. FAA Sec. 620(l). Has the country failed to enter into an agreement with OPIC?
8. FAA Sec. 620(o); Fishermen's Protective Act of 1967, as amended, Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters?  
  
(b) If so, has any deduction required by the Fishermen's Protective Act been made?
9. FAA Sec. 620(q); FY 1986 Continuing Resolution Sec. 518. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any AID loan to the country? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the appropriation bill (or continuing resolution) appropriates funds?
10. FAA SEC. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the amount of foreign exchange or other resources which the country has spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

No. Vessels have been seized in the EEZ's, which are not considered international waters.

Application is questionable under the circumstances.

No.

No.

Not applicable.

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11. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? No.
12. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget? (Reference may be made to the Taking into Consideration memo.) No nation receiving FY86 funds is currently in arrears. Subprojects will be evaluated in subsequent years on a case-by-case basis.
13. FAA Sec. 620A. Has the government of the recipient country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism? No.
14. ISDCA of 1985 Sec. 552(b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? No.

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15. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? No.
16. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.) No.
17. FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported illegally (or attempted to export illegally) from the United States any material, equipment, or technology which would contribute significantly to the ability of such country to manufacture a nuclear explosive device? No.

18. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. of Sept. 25 and 28, 1981, and failed to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.)

Most of the countries were present; none is known to have disassociated itself.

19. FY 1986 Continuing Resolution Sec. 541.

No.

Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions?

Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?

No.

Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

No.

20. FY 1986 Continuing Resolution. Is the assistance being made available to any organization or program which has been determined as supporting or participating in the management of a program of coercive abortion or involuntary sterilization? No.

If assistance is from the population functional account, are any of the funds to be made available to family planning projects which do not offer, either directly or through referral to or information about access to, a broad range of family planning methods and services? No.

21. FY 1986 Continuing Resolution Sec. 529. Has the recipient country been determined by the President to have engaged in a consistent pattern of opposition to the foreign policy of the United States? No.

22. FY 1986 Continuing Resolution Sec. 513. Has the duly elected Head of Government of the country been deposed by military coup or decree? No.

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy? No.

2. Economic Support Fund  
Country Criteria

FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the country made such significant improvements in its human rights record that furnishing such assistance is in the national interest?

No.

A. GENERAL CRITERIA FOR PROJECT

1. FY 1985 Continuing Resolution  
Sec. 525; FAA Sec. 634A.

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

CN was submitted. The review and comment period expired without objections.

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?

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?

None required.

4. FAA Sec. 611(b); FY 1985 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.)
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?
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.
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.
- Determination will be made as part of each grant agreement. All FY86 grant agreements meet the Act's requirements.
- Most subprojects do not involve construction or capital assistance. The majority of subprojects involving construction are less than \$1 million. If a subproject should be proposed that exceeds this threshold, the subproject will be evaluated with respect to FAA Sec 611(e). All FY86 involve smaller costs.
- Yes, it is a regional project.
- All FY86 subprojects are expected to improve technical efficiency of the fisheries industry and foster private enterprise. Indirect benefit to encourage international trade within the region are likely. Informal formation of fishermen's cooperatives are possible. No subprojects will discourage free labor unions or encourage monopolistic practices. All future subprojects will be evaluated with respect to FAA Sec. 601(

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).
9. FAA Sec. 612(b), 636(h); FY 1985 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.
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?
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contract, except where applicable procurement rules allow otherwise?
12. FY 1985 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?
- U.S. goods and services will be provided where possible through the grant agreement.
- Where applicable, the host country will contribute in-kind goods and services toward the completion of the project. The U.S. owns no local foreign currencies.
- No excess currency country is involved in this program.
- Yes.
- No, the export market for excess fish will be modest effective only within the immediate region and will not appear on world markets in measurable quantities.

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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?
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)?
15. FY 1985 Continuing Resolution Sec. 536. Is disbursement of the assistance conditioned solely on the basis of the policies of any multilateral institution?
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)?

AID Regulation 16 procedures have been followed for all FY86 grant agreements. FY86 subprojects do not involve destruction of tropical forests. All future subprojects will be examined per Regulation 216.

Not applicable.

No.

Not applicable.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance  
Project Criteria

a. FAA Sec. 102(a), 111, 113, 201(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?

Not applicable, this is not a development assistance project.

- b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used? Not applicable.
- 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)? Not applicable.
- 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)? Not applicable.
- 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? Not applicable.

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?

Not applicable.

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.

Not applicable.

2. Development Assistance Project Criteria (Loans Only)

a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan, at a reasonable rate of interest.

Not applicable.

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?

Not applicable.

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? Yes.
- b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities? No.
- 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 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? No.
- 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? Not applicable.

3M (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? Yes.
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 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.) Not applicable.

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, all grant agreements will have clauses requiring U.S. suppliers of goods and services when off shore suppliers are needed.

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?

Yes.

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.

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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 1985 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?

Yes.

B. Construction

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

Yes.

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)?

Not applicable.



**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? Not applicable.
  
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? Not applicable to grant agreements with individual nations. Audit rights will be requested in grant agreements with the regional fisheries organization (Foru Fisheries Agency) or similar entities.
  
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:
  - a. FAA Sec. 104(f); FY 1985 Continuing Resolution Sec. 527. (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 Yes.

- 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? Yes.
- 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.

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- g. FY 1985 Continuing Resolution, Sec. 503.  
To pay pensions, annuities, retirement pay, or adjusted service compensation for military personnel? Yes.
- h. FY 1985 Continuing Resolution, Sec. 505.  
To pay U.N. assessments, arrearages or dues? Yes.
- i. FY 1985 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 1985 Continuing Resolution, Sec. 510.  
To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? Yes.
- k. FY 1985 Continuing Resolution, Sec. 511.  
Will assistance be provided 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? No.
- l. FY 1985 Continuing Resolution, Sec. 516.  
To be used for publicity or propaganda purposes within U.S. not authorized by Congress? Yes.

