

U N C L A S S I F I E D

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D. C. 20523

PROJECT PAPER
AMENDMENT #2

INDONESIA: Western Universities Agricultural
Education (497-0297)

August 22, 1987

U N C L A S S I F I E D

AMENDMENT NO. 2 TO PROJECT AUTHORIZATION

INDONESIA

WESTERN UNIVERSITIES AGRICULTURAL
EDUCATION
PROJECT NO. 497-C297
LOAN NO. 497-T-066

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, the Western Universities Agricultural Education Project for Indonesia was authorized on April 16, 1981, and was amended on June 24, 1985. That authorization is further amended as follows:
 - a. The authorized amount of the Loan is increased by \$2,584,000 to \$15,034,000. The amount of the Grant remains unchanged at \$9,400,000. The total life of project funding is increased to \$24,434,000. The additional amount of Loan funding authorized is subject to the availability of funds in accordance with the A.I.D. OYB/allotment process.
 - b. The Project Activity Completion Date (PACD) is extended by nine months to May 31, 1991.
2. The amended authorization cited above remains in force except as hereby amended.

Signature: _____

David N. Merrill
David N. Merrill
Director

Date: _____

8/22/87

RB
Drafted: LA:GBisson:mai, 08/12/87

Clearances: EHR:CBonner: _____

PPS:MBonner: _____

FIN:RMcClure: _____

DD:JAnderson: _____

Western Universities Agricultural Education
Project No. 497-0297

Project Paper Amendment

PROJECT PURPOSE:

The Western Universities Agriculture Education Project (WUAE) is designed to strengthen the capabilities of the faculties of agriculture and related disciplines of the eleven member institutions of the Association of Western Universities (BKS/B)* so that they can contribute more effectively to agriculture and rural development.

The Project is also intended to foster the creation of inter-university technical networks of specialists to exchange information, to carry out research and to undertake public service activities. The principal means for achieving these objectives include providing (1) advanced degree training in the United States for 130 staff members from the Western Universities (2) books for libraries (3) equipment for laboratories and experimental stations (4) technical assistance (5) funds for in-country short courses (6) start-up funds for the technical networks (7) support to campus based and regional ELT programs.

PURPOSE OF THIS AMENDMENT:

The purpose of this amendment is to add, at the request of the GOI, \$2,584,000 to the Project so that an additional 40 women staff members from BKS/B universities have the opportunity to obtain advanced degrees in the United States, in agriculture or related disciplines (Attachment C). An additional 20 women could obtain advanced degrees in Indonesian universities. This Amendment also extends the life of the Project by nine months to 31 May 1991.

PROGRESS TO DATE:

The WUAE project was authorized on April 16, 1981 involving obligations of \$3,900,000 in grant funds and \$5,950,000 in loan funds. The project was amended on 24 June, 1985 authorizing additional obligations of \$12,000,000 in grant and loan funds, bringing the total U.S. commitment to \$21,850,000. On 16 June 1981 a contract was signed with the University of Kentucky, under the Title XII program, to provide technical services within Indonesia and to coordinate and manage the participant training program in the United States. This contract has been amended several times, the most recent being 15 October 1986, and now totals \$18,562,548 through the current life-of-project.

*These universities are: 1) Univ. Syiah Kuala, Banda Aceh; 2) Univ. Sumatera Utara, Medan; 3) IKIP Medan, Medan; 4) Univ. Andalas, Padang; 5) IKIP Padang, Padang; 6) Univ. Riau, Pekanbaru; 7) Univ. Jambi, Jambi; 8) Univ. Lampung, Lampung; 9) Univ. Bengkulu, Bengkulu; 10) Univ. Sriwijaya, Palembang; 11) Univ. Tanjungpura, Pontianak.

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The Government of Indonesia (GOI) has agreed to provide an estimated \$18,713,000 (in cash and kind) through the life-of-project. Approximately \$8,000,000 in cash has been expended up to the current GOI FY. Approximately \$280,000 has been budgeted for this FY. GOI contributions have included in-country support costs for the contractor's personnel, all costs associated with the selection, English training and pre-departure of participants going to the United States, support costs for technical network activities, per diem and travel costs for participants attending in-country short courses, commodities, as available, and a Project Director and Executive Secretary who devote much of their time to project activities.

The WUAE Project has earmarked funds to enable 130 participants obtain Master's degrees in the United States. Of the total MS degrees completed or underway, 24, or 18 percent, have been by women. In addition, of thirty-two PhD's earned by Project participants, three have been by women.

To date the Project has expended \$9,413,000 of the \$21,850,000 AID grant and loan money. All funds have been programmed and there are no funds left within the Project with which to fund additional participants.

Many of the activities within the Project relate directly to building university programs which will best utilize the experiences and best maintain the enthusiasm of returned participants, as well as attempt to fuse a "critical mass" of faculty in the field of agriculture. To this end, long term senior advisors have been stationed at Riau, Lampung and Aceh universities, chosen in large part because they have more returning participants than other universities, and thus could best utilize the expertise of the long-term advisors. A fourth advisor will be placed this fall in Bengkulu.

Each university has a specific need based on existing programs. At Riau, the Faculty of Fisheries is engaged in research of riverine fish which are an important food commodity for Sumatra. Riau also has a close relationship with another AID-funded project, Fisheries Research and Development (FRD-497-0352). Riau will focus on river cage culture while a research center supported by FRD in Palembang will concentrate on pond culture. The university and the research center will share information and field-site research.

At Lampung the emphasis is on three cash crops with major implications for Indonesian exports - coffee, cloves and cassava. The university is conducting research in collaboration with private research institutions specializing in the above mentioned crops.

Aceh is concerned with range management as it applies to the ecology of North Sumatra. Erosion is a very serious problem in much of Aceh province. The senior adviser has recently arrived in Aceh and is preparing, in conjunction with the Rector, a long term strategy for active university involvement in determining ways to preserve the ecology of Aceh.

A fourth adviser in forestry and ecology will be installed at the University of Bengkulu where forestry is a major program area. Reforestation and preservation of the upland ecology will be emphasized. This adviser will also spend time at Tanjungpura in Pontianak, West Kalimantan, where forestry and ecology are also a major concern. The adviser is expected to assist this university in establishing a forest research station and assist in deriving a long term strategy for the forestry department of the university.

Short courses have played an important role in the Project. To date seventeen courses have been held in Indonesia utilizing both Indonesian and expatriate experts. Courses, which normally run three to four weeks have included topics such as: (a) Genetics and Plant Breeding (b) Statistics for Biological Science (c) Research Methodology (d) Extension Methodology (e) Course Design (f) Plant Physiology and (g) Micro-Computer Utilization to name a few.

The Project recently conducted its seventeenth technical short course in country, a four week intensive workshop on ecology at Tanjungpura. Participants from all BKS/B member as well as Department of Forestry officials attended. IPB is giving graduate credits to all who attended and successfully passed the course.

Short courses planned for the current IFY include (a) Agro-Climatology (b) Food Technology/Processing (c) Research Management (d) Agro-Economics and (e) Book Writing.

Seven inter-university staff networks have been established and are functioning in the fields of soil science, instructional improvement, library science, English language, computers, statistics and research. Participants who have already returned play key roles in the success of these networks. To encourage returned participants to become more active in relevant research, the Project has loan money reserved to provide 100 research grants to returnees whose research proposals are selected through competition with their peers. The first twenty-six grants were recently awarded.

Nine universities excluding the IKIP's have been allocated a modest sum of money for laboratory and research equipment, and assessments are underway to determine the equipment needs of each university. This equipment will be available for returned participants to use in continuing meaningful research.

ENVIRONMENTAL IMPACT:

A negative determination of the issue of environmental action and impact was signed by the Director, Thomas C. Niblock and included as an Annex of the Project Paper dated February 1981. There have been no changes in the project goal, purpose or general implementation which would render that initial determination invalid. (Original determination is Attachment B.)

EVALUATION:

A major evaluation of the Project is scheduled for 1988. The positions and status of returned women participants, as well as returned male participants, will be assessed during this evaluation of the Project. Any evaluation conducted after the Project has terminated will also include an analysis of the status, utilization and relative performance of participants, with particular attention to the women. The evaluations will include a) what is the attrition rate for returned participants b) have they advanced more rapidly in the system c) are they given more responsibility in their current positions d) are they engaged in more research than non-participants e) have their services or responsibilities to their communities been enhanced.

ANPAC GUIDANCE:

The ANPAC, chaired by the A-AA/ANE James Norris, approved the Mission's request to amend the WUAE Project. In the approval cable (Attachment D) the ANPAC offered guidance to the Mission in four areas which are addressed below.

1. Amendment Rationale: ANPAC Guidance stated "Since the original Project targets for faculty to be trained have already been met, the Amendment should clearly document the need for additional trained faculty and the rationale for focusing on woman instructors."

Although the Phase I and II project targets for the number of people to be trained have been met, these targets were based on budgetary constraints rather than levels of staff qualifications needed for optimal program development. The targets were not set to supply all the trained faculty required. Nationally, there is still a shortage of faculty with advanced degrees. The Ministry of Education and Culture has issued statistics which show that at the beginning of 1986 there were 19,264 public university-level teaching staff in Indonesia. Of this total only 2519 staff have Masters degrees of which 2021 are men and 498 are women.

In the BKS/B universities the situation is even worse. Of the 4233 teaching staff, 385 men (9 percent) and 54 women (1 percent) have Masters degrees. At the Ph.D. level, 85 teaching staff (2 percent) have advanced degrees, 79 men and 6 women. These figures alone justify the need for increasing the numbers of advanced-degree holders.

The WUAE Project funds participants only from the Faculty of Agriculture and related fields which complement both the Mission's strategy as well as the GOI's goals for promoting agriculture within the country. There are many other equally valid reasons for the need for more trained staff: (1) as more staff are trained, the internal efficiency of the university improves, thus allowing opportunities for more students to enter the university (2) with a higher quality of teaching staff, the more gifted students will have an incentive to remain in Sumatra to study rather than go to Java (3) better qualified faculty can serve their local communities (4) private enterprise will benefit as

more highly skilled graduates from technical fields enter the labor market and (5) increased numbers of highly trained staff will strengthen curriculum development, research and administration at the university.

Another issue raised by the Committee regarding the Project Amendment rationale was the amendment's focus on women instructors. There are several reasons for this focus.

The problem being addressed is not solely, nor even primarily, the "women's participation issue," but the larger need to increase the quality of university staff in agriculture and related disciplines. Even with the 240 new U.S. and in-country graduate degree holders that will be produced under the original WUAE project by the time it terminates in 1990, agriculture faculty from BKS/B institutions holding graduate degrees will still be unacceptably low -- about 20 percent! If the numbers can be increased, a critical program need will be served; if women staff are the benefactors of this extra effort, an additional social need will be addressed.

Progress in addressing the problem of under-representation of women faculty has been encouraging. It appears that WUAE participant recruitment efforts which both announce the Project's desire for increased women's participation and insist on objective selection criteria pay off. The current strategy of encouraging application by women staff members, and insisting on younger staff with high GPA's as acceptable candidates is promoting higher participation rates for women, but project resources for long-term training have been fully committed. This project amendment has an opportunity to demonstrate that qualified women candidates can be identified in significant numbers, and provides the resources to do so.

Furthermore, the Project's original target was that 20 to 25% percent of the project participants sent for overseas training be women. To date 18 percent of those sent to the U.S. have been women. More dramatically, the number of women lecturers with MS/MA degrees in BKS/B institutions will more than double when all participants have returned. While many qualified women have studied in the U.S., many others have been forced to pass up the opportunity to continue their advanced degree studies because of social pressures or family obligations. The in-country training to be provided under this amendment will allow a greater number of women to receive advanced training than if training were only limited to the U.S.

Finally, in the 1986 report "Recommendation on Participant Training Activities," issued by S&T with the endorsement of the DA/AID, the need for Missions to increase the numbers of women participants beyond the current Agency-wide level of 20% is strongly stated:

"The Committee consensus is that worldwide patterns of female participation to date should no longer be considered acceptable. The general view is that Missions can do better with regard to female

participation in all our training programs. It is the Committee's judgment that achievement of at least 30-40 percent Agency-wide by 1990 is technically feasible; especially in light of the Agency's plans for increased numbers of participants in the next few years."

2. Criteria for Selection of In-Country Institutions: The ANPAC Guidance stated that "The Amendment should include criteria for the selection of in-country institutions for AID-financed training. The Bureau wants to encourage the use of institutions such as the Institut Pertanian at Bogor, which AID has assisted and strengthened over a number of years. However, we believe, in this instance, that in-country training should be limited to cases when woman cannot go abroad for personal/family reasons. The Mission should encourage maximum number possible to undertake training in the United States for the added exposure to advanced technology and alternative institutional arrangements."

The intent of this project amendment is to send staff to the United States. In-country training will be utilized only in the case where qualified female staff who, because of personal or family reasons, cannot go abroad. However, universities granting advanced degrees in agriculture, forestry, and aquaculture are quite limited. The Institut Pertanian Bogor (IPB), with which AID has had a long and close association, will be a prime site for such training, as would the Universities of Gajah Mada and Pajajaran.

Criteria for in-country training shall be the same as the criteria for placement in the US. A minimum Grade Point Average (GPA) of 2.5 (out of 4) or equivalent is required. The specific field of study must be in concert with the university's needs and be supported by the respective Dean and Rector. After a candidate satisfies selection criteria, an appropriate Indonesian university will be chosen based upon the best match between the proposed field of study and program offerings.

3. Recurrent Costs: The ANPAC Guidance stated that "The Amendment should address the effect of proposed faculty upgrading on government recurrent costs."

Recurrent costs to the GOI will only be indirectly affected by Project participants receiving advanced degrees. Staff holding BA or BS degrees start at approximately Rp67,000 per month base salary (\$40.75) while those holding Masters degrees average approximately Rp81,000 per month (\$49.27). Step increases for staff are fairly routine every two years and would not be based on training in the U.S. Actual promotions are based on the TRIDARMA (three duties) principle, which consists of number of years of teaching experience as well as educational background, research, and involvement in public services. Thus salaries are based on several criteria and not on degrees alone. However an additional 40-50 MS degrees might add only \$3-4000 per year to the total GOI budget for salaries.

4. Training Costs: The ANPAC stated that "The proposed budget for 50 masters' degrees average \$52,000 each. We assume that in-country training costs will be budgeted at a lower level."

Revised estimates indicate that an in-country degree program would cost approximately Rp4,020,000 or approximately \$2,500 per year per participant compared to \$42,860 for U.S. training. This estimate of in-country costs is realistic, being based on similar programs conducted by the Directorate General of Higher Education.

IMPLEMENTATION PLAN:

Since this additional effort can be accomplished within the contract's current scope of work and would only involve a nine-month extension it is anticipated that the amendment can be executed under the "Changes" clause of the contract. This would eliminate the normal necessity of advertising and competing the additional effort.

The implementation of this amendment will begin immediately after the agreement amendment is signed. There is already a small pool of female staff who are currently in intensive English language training and are potential candidates. As in past selections, each university will submit the names of qualified candidates to the Central Project Office at the University of Sriwijaya. A team consisting of representatives from the GOI, the contractor, and AID will visit each campus and interview the candidates. Each candidate will be rated and ranked according to the standard criteria of grade point average, current proficiency in English, relevance of field of study both to the university's need and the project goals, and recommendations by the Rector and appropriate deans. Those selected will be ranked again by their proficiency in English based on their most recent TOEFL or ALIGU scores. Each candidate will then be scheduled into an appropriate level of English instruction at her home university and later at the English Language Institute at Sriwijaya, if necessary, for the final intensive English program.

The University of Kentucky has been the prime contractor for the project. It is proposed and recommended that their contract be increased in order for Kentucky to continue placing and backstopping participants in the United States. Alternative schemes have been analyzed, but the logical choice appears to be to keep the University of Kentucky as the contractor. There are several reasons for this recommendation. One, Kentucky has done a good job in placing approximately 107 MS and 32 PHD participants to date. Two, keeping the same lines of communication between Kentucky's in-country TA team and their U.S. backstop and placement office will facilitate the interchange of information necessary in the placement and continued monitoring of participants. Three, the GOI has had an amiable relationship with Kentucky and there seems to be no valid reason to introduce a new actor on the scene whose responsibilities would overlap with Kentucky.

Implementation of the provisions of the Grey Amendment on TA and participant studies' have been examined in the context of the WUAE Project as a whole, as well as in this Amendment. However the TA

provisions of the Grey Amendment are not relevant here as there is no new TA procurement under this Amendment. The Mission has previously informed the prime contractor, the University of Kentucky, of AID's policies on the use of HBCU's, and has provided the contractor with a list of universities with areas of specialization relevant to the WUAE Project. To date nine participants have attended programs at HBCU's. The contractor has assured the Mission, in writing, that HBCU's will be considered and utilized as appropriate.

In execution of the Project Paper Facesheet, the Mission Director certifies that maximum use of Grey Amendment entities has been considered in implementation of the Project Paper Amendment.

While some participants have obtained their degrees in 24 months, most have taken 27 months. Thus, all participants must be placed by the end of 1988 or early 1989 in order to meet the 31 May 1991 PACD.

This Amendment includes a revised Amplified Project Description (Attachment E & E.2). These revisions have previously been agreed to by the GOI and AID through PIL No. 18 subject to the approval of this Amendment (Attachment G).

FINANCIAL PLAN:

All participant costs will be administered through and by the University of Kentucky contract. Based upon current and projected costs, it is estimated that a 27 month thesis Masters will cost \$42,860, including round trip airfare. Each additional month, from months 27 to 30 would cost an additional \$1215. If campus backstopping activities were continued at their current level, the cost will be approximately \$212,846; Kentucky's indirect costs and overhead are anticipated to be approximately \$245,643.

In-country participant costs will be administered through the office of the Director-General of Higher Education. Selection criteria for in-country training will be carefully applied as stated above. Inability to attain the required proficiency in English for study in the United States will not be a valid reason, in itself, for receiving an in-country grant. However, \$50,000 will be reserved for up to 20 women staff members to obtain their advanced degrees in Indonesia. Should there be few applicants, this money will be reprogrammed quickly in order to fund an additional U.S. participant.

There will be little additional direct GOI monetary requirements. Participants will utilize existing English language programs, both in their respective universities and at Sriwijaya, for which the GOI has budgeted Rp90,000,000 for the GOI FY 87/88. If FY 88/89 support should be decreased due to GOI budgetary constraints, AID is prepared to increase the amount of money currently provided to the English language program from current obligations in order to meet the participant target levels and dates, as well as fund international travel for participants (Attachment F). In addition, each of the eleven BKS/B universities

annually receives special allotments from the central government to support project-related activities including English language training on campus. The current IFY87 allocation amounts to approximately Rp4,000,000 per university. The GOI will continue to provide "in-kind" support to the English training faculty and participants such as salaries, overhead, training facilities and other recurrent costs.

The major portion of these funds will be in an AID-direct contract, with USAID direct payment, and subject to AID/IG audit coverage. Local cost funds will be subject to periodic review under AID/FIN Voucher Verification procedures.

Attached is the illustrative financial plan (Attachment A).

WESTERN UNIVERSITIES AGRICULTURE EDUCATION
PROJECT No. 497-0297

REVISED CURRENT BUDGET PLUS NEW OBLIGATION
SUMMARY COST ESTIMATES - PHASES I & II
(U.S. \$000)

CATEGORY	A I D		A		I		D		GOI TOTAL	PROJECT TOTAL
	Cumulative Obligations thru FY 87		Obligations This Agreement		Revised GRANT		TOTAL Budget LOAN			
	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN		
1. Participant Training		9,729		2,584				12,390	6,371	18,761
2. Technical Assistance	8,922	20			8,922		10		900	9,832
3. Local Univ. Support	157	977			157		900		4,643	5,700
4. Commodities		690					1,055		4,825	5,880
5. Project Operations		746					636		1,761	2,397
6. Evaluation/Audit		200					43		-	210
7. Contingency	321	88					154		213	367
TOTALS	9,400	12,450		2,584	9,400		15,034		18,713	43,147

Changes in the Amplified Project Description

In conjunction with the overall Amendment, I propose the following changes in the Amplified Project Description.

1. Annex I, page one, I. "Project Description," A. "Project Goals and Purpose," paragraph two change sentences beginning "Cognizant of assistance ..." and ending "... Universities of Jambi, Bengkulu, and Tanjungpura," to read "Cognizant of assistance being provided to some of these institutions by other donors, and building on the progress made during Phase I, the Project will, in Phase II, intensify resident technical assistance at the University of Syiah Kuala, the University of Lampung, the University of Riau and the University of Bengkulu. Continued English language training support will be provided to the Universities of Jambi, Bengkulu, Tanjungpura, Sriwijaya, Riau and Lampung. The University of North Sumatra will receive one year of English support."
2. Annex I, page two, B. "Project Outputs," paragraph one, delete sentence two, and replace with "As a result of AID-provided resources, approximately 170 MS and 32 PhD degrees will be earned by participants in the US, plus one PhD in a joint US-Indonesian "Sandwich" program. In addition opportunities are enhanced for approximately 20 women lecturers to obtain advanced degrees in Indonesia."
3. Annex I, page four, I. "Project Description," C. "Project Components," 1. "Spouse Training," delete the first sentence and replace with "grant funds of \$120,000 have been committed to support the training of selected spouses of participants."
4. Annex I, page five, C.2. "English Language Training," paragraph 3 beginning with "For Tier II" delete entirely and replace with "For Tier II, at the University of Sriwijaya there will be one English Language Coordinator for two years and two M.A. TEFL specialists for four years. In addition there will be one English aide at the University of North Sumatera for one year."
5. Annex I, page five, C.2. "English Language Training," paragraph 4 change "no later than mid 1988" and "end in mid 1988" to "no later than the end of 1988" and "terminate the end of 1988."
6. Annex I, page twelve, IV. "Cost Estimate and Financial Plan," A. "US and GOI Cost Sharing," paragraph one, sentence one change to "US assistance under the project will provide funds for participants (long and short term plus supporting research funds), tuition, maintenance costs, fees, health insurance, books, supplies and travel costs to and from US universities." In the sentence following delete "... to and from selected US universities ..." to read "The GOI will assume responsibility for travel costs within Indonesia, salaries, exit fees and any additional costs required prior to departure."

7. Annex I, page twelve, IV. "Cost Estimate and Financial Plan," A. "US and GOI Cost Sharing," paragraph two should be deleted entirely and replaced with "Technical Assistance (TA) will be funded by a grant from AID and shall include salaries, international travel, support costs and benefits, and support of "spouse" participants in the United States. AID loan funds will be used to provide all in-country TA per diem for both long and short term TA as well as maintenance and upkeep of all TA housing, utilities and furnishings except as noted below. The GOI shall provide all rent monies, if needed, and the support and upkeep of the housing complex at Sriwijaya. AID loan funds can be used to provide all staff support for official business to in-country TA. It is acknowledged that there may be a minimum of cost-sharing or overlapping of the above categories. The GOI will provide office space for all T.A."

8. Annex I, page twelve, IV. "Cost Estimate and Financial Plan," A. "U.S. and GOI Cost Sharing," paragraph four delete and replace with "In the following illustrative Financial Plan. 'Local University Support (LUS)' is composed of networking activities, short courses, English language training, and the aftercare program. It is anticipated and understood that loan funds may be used to cover the bulk of these programs, especially those of a non-recurring nature such as all costs associated with the short courses. These short course costs include all development and delivery costs of the course materials, supplies, per diem and travel for the participants. It is anticipated that both the GOI and AID will provide financial support to the networking activities. However loan funds may be used to fund networking activities and per diem and travel costs of the representatives upon request. The major components of aftercare program consists of 'reentry' programs for returned participants and the research program. Loan funds will be utilized with a portion of GOI matching funds for research. General BKS-B support costs will be borne by the GOI."

9. Annex I, page twelve, IV. "Cost Estimate and Financial Plan," A. "U.S. and GOI Cost Sharing," paragraph five delete and replace with "Under the in-country intensive English program, TA and materials and supplies will be supported from loan funds. It is expected that the GOI will provide per diem and travel of the participants, operating expenses and staff salaries. However AID is prepared to supplement funds for per diem and travel of participants, if such is needed, to support project activities."



REPUBLIC OF INDONESIA
NATIONAL DEVELOPMENT PLANNING AGENCY
JAKARTA, INDONESIA

No. : 2442 /D.1/7/1987

Jakarta, July 20, 1987

Mr. David Merrill
Director
USAID Mission
c/o American Embassy
Jakarta

Dear Mr. Merrill,

On behalf of the Government of Indonesia we hereby request an additional loan of \$ 2.584 million under the on-going Western Universities Agriculture Education Project No. 4987-0297 and an extension of the Project Completion Date by nine months to May 31, 1991. This will allow for additional overseas advanced degree training, and the continuation of work with the Association of Western Universities. The loan added to the on-going Project will also encourage the advanced training of more women within the BKS-B universities.

These additional loan funds would increase the life of project amount to \$ 15.034 million loan and \$ 9.4 million grant over the ten years life of project. The Government of Indonesia has agreed to provide the Rupiah equivalent of \$ 18,715,000.- in kind and/or in cash through the life of project. The project will be implemented by the Ministry of Education and Culture.

We look forward to your favorable consideration and thank you for your kind cooperation.

Sincerely yours,



Muchtarudin Siregar
Muchtarudin Siregar
Deputy Chairman

Cc. :

1. Minister of Development Planning/Chairman of the National Development Planning Agency
2. Minister of Administrative Reform/Vice Chairman of the National Development Planning Agency

INITIAL ENVIRONMENTAL EXAMINATION

TITLE XII - SUMATRAN UNIVERSITIES AGRICULTURAL PROGRAMS

I. Examination of Nature, Scope and Magnitude of Environmental Impact

A. Project Description

This project is to strengthen the capability of the Association of Sumatran Universities to play an increasingly effective role in agricultural and rural development. It will provide technical assistance, training of staff members, and essential instructional equipment and materials to the member universities to make their agricultural programs more relevant to development requirements.

B. Identification and Evaluation of Environmental Impacts

Since this project will be to develop the capabilities of several universities, it will have little or no direct impact on the environment; however, it provides an opportunity to demonstrate environmental concepts to teachers who will be influential in shaping agricultural development in Sumatra. An especially important endeavor that is likely to be of concern to these faculties and their graduates is planning the opening of forested regions for agriculture for transmigrant settlements. A long-range perspective on natural resource utilization will be important for local decision makers who, through their decisions in the next decade, will determine future land use in Sumatra.

II. Recommendation for Environmental Action

A negative determination is recommended because the project involves training that has no direct environmental impact; however, some exposure to environmental concepts should be included, wherever appropriate, in the training programs.

INITIAL ENVIRONMENTAL EXAMINATION

TITLE XII - SUMATRAN UNIVERSITIES AGRICULTURAL PROGRAMS

Project Location: Indonesia
Project Title: Title XII - Sumatran Universities
Agricultural Programs
Funding: \$5.0 million
Life of Project: 1980-1990
IEE Prepared by: USAID/Indonesia
Environmental Action
Recommended: Negative Determination

Mission Director's
Concurrence:

Assistant Administrator's
Decision:

Approved: _____

Disapproved: _____

Date: _____

UNITED STATES GOVERNMENT

memorandum

DATE: 25 April 1983

REPLY TO:
ATTENTION: Jonathan Sperling, PROSUBJECT: International Travel Costs of Participants Under
the University of Kentucky Contract - Project 497-0297

TO: Mr. William P. Fuller, DIR

Problem: A waiver is required to authorize AID funding of international travel costs for participants under the loan for the Western Universities Agricultural Education project.

Background: The project is a Title XII project and as such was designed collaboratively by staff of USAID (EHR), the GOI (Director General of Higher Education), and the Contractor, the University of Kentucky. During the design process, GOI representatives requested that international travel costs be borne under the loan, a procedure followed in two predecessor Title XII projects: Graduate Agriculture School (contract with the University of Wisconsin) and the Eastern Islands Agricultural Education project (contract with Washington State University).

The loan budget for the contract with the University of Kentucky shows funds for "participant travel." These figures are based on the worksheets prepared by the collaborative design team, summarized on page 1 of Appendix H of the Project Paper, "Other Financial Data." Here, the travel costs are calculated at an average (inflated) cost of \$2600 per round trip. Total participant training costs therefore include the international travel costs, and these costs have been met from loan funds for all participants to date. It is proposed to continue this arrangement to the end of the Project.

These factors notwithstanding, there is no waiver of record by the Mission Director of the Handbook 10 requirement that international travel costs are to be borne by the host country.

In light of the above, the Program Office recommends that you waive the requirement that the host country should bear the international travel costs of participants. To alter the established procedures at this late stage of the project and to hold up the departure of participants because of a Mission management problem would unfairly prejudice the success of the project and penalize the GOI. The estimated contribution to the project remains at 47%, well above the required 25%.

Recommendation: That you signify your approval of the procedure that has been followed in this project, of the costs of international travel being borne by the loan. Your signature will constitute a waiver of the Handbook 10 requirement.

Approved: 

Date: 5/5/83

Disapproved: _____

Date: _____



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
AMERICAN EMBASSY
JAKARTA, INDONESIA

Date: July 24, 1987

Directorate General of Foreign Economic Relations
Dept. of Foreign Affairs
Jl. Pejambon No. 6
Jakarta

and

Directorate General of Higher Education
Dept. of Education and Culture
Jl. Pintu I, Senayan
Jakarta

Subject: AID Project No. 497-0297
AID Loan No. 497-T-066 (L)
Western Universities Agricultural Education (WUAE)
Earmarking and Commitment of Funds for Local Project Support
Project Implementation Letter No. 18

- Reference:
1. Project Implementation Letter No. 12 dated June 3, 1986
 2. Project Implementation Letter No. 10 dated 15 May 1986
 3. Project Implementation Letter No. 4 dated 8 June 1982
 4. Project Implementation Letter No. 3 dated 18 August 1981
 5. Project Implementation Letter No. 1 dated June 4, 1981

Dear Sir,

There are two purposes for this Project Implementation Letter (PIL) No. 18. The first is to document for the record the mutual agreement of AID and the Directorate General of Higher Education on the use of WUAE project loan funds; and funds from the Government of Indonesia, to support the Government of Indonesia's FY 1987-88 operations and programs within the WUAE project. The second purpose of this PIL is to earmark and commit a portion of the project loan funds amounting to \$344,903.00 or Rp.568,400,000, whichever is less, needed to meet these needs. See Attachment 1 for a detailed budget.

This PIL is in accord with PIL No. 10 which established the precedent that the Government of Indonesia and AID would establish an annual commitment document at the start of each Government of Indonesia fiscal year. The basic categories and procedures have previously been established in PIL No. 1, PIL No. 3, and PIL No. 10.

Loan funds may be used in accordance with the Amplified Project Description of Loan Amendment No. One to support the following: (a) supplement long term T.A. in-country per diem; (b) provide staff support (direct salaries for non-GOI personnel and salary supplements for GOI staff) at Sriwijaya, Riau, Syiah Kuala, Lampung and Bengkulu; (c) domestic travel and per diem for short term consultants; (d) all costs associated with development and running of short courses (to include honoraria for developing courses, supplies and materials; (e) all costs associated with development and running of networks (to include honoraria for developing network agenda, supplies and materials; and (f) TA, materials and supplies for English training and educational development. Procurement of goods and services must be solicited from firms or individuals from countries identified as Code 941 Countries.

In addition to normal funding costs for Project Operations and Local University Support, the competitive research grants will be initiated this year for the first time. Because disbursements of the research grants will not necessarily follow the GOI fiscal year, AID funds are included in the project budget for illustrative purposes only. Actual earmarking and commitment of funds shall be by a separate PIL which shall specify terms and procedures for awarding the grants. Finally, since there is a major evaluation of the Project scheduled for mid CY 1988, a small amount of money has been reserved to cover any costs associated with pre-evaluation planning or studies needed during the FYI 87/88.

Due to the uncertainties regarding the ability of the GOI to continue to meet the costs for items agreed upon the Amplified Project Description, Annex I of Loan Agreement Amendment No. 1, we anticipate modifying this agreement, including the financial plan, within the next two months. With your approval, these modifications in cost sharing will be retroactive to the beginning of IFY87/88.

Specifically, the modification will allow loan funds be used to pay for non-recurring costs specifically related to the implementation of the WUAE Project. Such costs include (a) international travel for short and long term participants to and from the US (b) in-country per diem for both short and long term TA (c) upkeep, utilities, and furnishings for all long term TA housing excluding the complex at Sriwijaya (d) provide staff support for all in-country TA as needed (e) non-recurring costs associated with all short courses and network meetings to include per diem and travel expenses of the participants (f) augment on a case-by-case basis maintenance allowances for in-country English language participants if chosen as potential candidates for US training (g) fund course material and supplies and supplement English teachers' salaries, if needed, at universities where there are Project English instructors.

General Provisions

The Central Project Office (CPO) located at the University of Sriwijaya in Palembang will be responsible for the administration of AID Project support funds contained in the annual budget. Upon request, funds will be advanced to the CPO to meet a projected three month need. Thereafter, and in keeping with the practice currently being followed, expenditure reports with supporting documents and certification

statements will be submitted to AID on a monthly basis. As these reports are processed, the advance will be replenished up to the agreed upon three month ceiling. Should additional advance funds beyond the established limit be required for an upcoming period, a supplemental request with justification for the increase may be submitted to AID. It is recognized that it will be necessary to put newly committed funds in place at the CPO by 1 April of each year, but prior to the complete accounting for the previous year's expenditures. This brief overlap of funding is necessary since consolidation of year-end expenditures is expected to take a month or two.

Although the intention of this PIL is to commit funds for the Government of Indonesia FY 87/88, it will remain in effect until funds are specifically decommitted by a future PIL. This will enable accounts to be paid during the transition period between fiscal years.

In the attached budget adjustments up to 25% may be made between the activities within each of the first 2 major line items without prior written approval from AID. Please note that AID funds may not be used for entertainment or decorations, contributions or donations, retainer fees, interest on borrowed money, duties or identifiable taxes. Per diem and honoraria must be consistent with approved GOI practice. Local procurement must be consistent with good business practice of soliciting various sources. Goods of communist block origin may not be purchased.

If you approve of the contents of this PIL and the actions herein proposed, please countersign below and return a copy of this letter to USAID, after which appropriate distribution will be made.

Sincerely,



Ernest C. Kuhn
Project Officer

APPROVAL: 

Dr. Yuhara Sukra
Directorate General of Higher Education

ATT'T: Budget

DISTR.: DEPLU - 5
BAPPENAS - 3
DGHE - 2
B.I. Bagian Dana Proyek - 2
WUAE/BKS-B - 2

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ATT'T: Budget

DISTR.: DEPLU - 5
BAPPENAS - 3
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WUAE/BKS-B - 2

EHR:ECKuhn:ir:07/24/87

CLEARANCES: (all in draft)

EHR:CSBonner FIN:RMClure
PPS:MBonner LA:GBisson

DISTR.: ANE/PD/PCS-6, PPS-2, FIN-3, LO, EHR-2, C&R-2

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IN-COUNTRY BUDGET PROJECTION GOI FY87-88
Western Universities Agricultural Education Project (497-0297)
(in Rupiah)
\$ = Rp.1640

	87/88	
	AID <u>Current FY</u>	GOI
<u>1. Project Operation</u>		
a. CPO/BKS-B Supp. Rep.	15,000,000	6,960,000
b. Vehicle O & M	13,000,000	13,500,000
c. Travel & per diem	65,000,000	16,000,000
d. CPO/BKS-B staff supp.	27,000,000	8,520,000
e. T.A. houses/furnitures	29,400,000	7,500,000
f. Utilities/Maintainance CPO	0	52,860,000
g. Contingency	10,000,000	5,660,000
Sub-Total	159,400,000	111,000,000
<u>2. Local Univ. Support</u>		
a. Network activities	45,000,000	44,000,000
b. Short course (5+1)	161,500,000	30,000,000
c. English trg & supp.	101,000,000	90,000,000 ^{3/}
d. Books development	27,500,000	0
e. Ed'l video development	6,000,000	0
f. Lab. equipment ass't	14,000,000	0
g. Research grant review	25,000,000	15,000,000
h. Competitive grant awards	(63,000,000) ^{1/}	10,000,000 ^{4/}
i. Contingency	15,000,000	0
j. Commodities	(84,000,000) ^{2/}	
Sub-Total	395,000,000	189,000,000
<u>3. Evaluation</u>	14,000,000	
<u>4. BKS/B DIP Campus Budget</u>		70,000,000
<u>5. BKS/B DIP Pre-Departure Costs</u>		108,000,000
TOTAL	568,400,000	478,000,000
GRAND TOTAL	1,046,400,000	

^{1/} non add. Illustrative purpose only to be committed by separate PIL.

^{2/} non add. To be committed by PIO/C.

^{3/} non BKS/B DIP.

^{4/} non BKS/B DIP.

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WESTERN UNIVERSITIES AGRICULTURE EDUCATION
 PROJECT No. 497-0297

PROPOSED REVISED
 SUMMARY COST ESTIMATES - PHASES I & II & NEW AMENDMENT
 (U.S. \$000)

	A.I.D. TOTAL		G O I TOTAL	PROJECT TOTAL
	GRANT	LOAN		
1. Participant Training		12,313	6,371	18,684
2. Technical Assistance	8,922	10	900	9,832
3. Local Univ. Support	157	977	4,643	5,777
4. Commodities	-	1,055	4,825	5,880
5. Project Operations	-	645	1,761	2,406
6. Evaluation/Audit	167	34	-	201
7. Contingency	154	-	213	367
TOTALS	9,400	15,034	18,713	43,147

FY1987 Western Universities Agricultural Education
Project (497-0297) Project Paper Amendment.

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5C(2) - PROJECT CHECKLIST

isted below are statutory criteria applicable
o projects. This section is divided into two
arts. Part A includes criteria applicable to
11 projects. Part B applies to projects funded
rom specific sources only: B(1) applies to all
rojects funded with Development Assistance;
(2) applies to projects funded from Development
ssistance loans; and B(3) applies to projects
unded from ESP.

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

GENERAL CRITERIA FOR PROJECT

1. FY 1987 Continuing Resolution Sec. 523;
FAA Sec. 634A. Describe how
authorization and appropriations
committees of Senate and House have
been or will be notified concerning
the project. A CN was sent to Congress for
the Loan Amendment on July 21,
1987 (Total: \$2,584,000-\$751,000
from ARDN Loan and \$1,833,000
from EHR Loan funds). It expired
without objection on August 5.
2. FAA Sec. 611(a)(1). Prior to obligation
in excess of \$500,000, will there be
(a) engineering, financial or other plans
necessary to carry out the assistance,
and (b) a reasonably firm estimate of the
cost to the U.S. of the assistance? (a) Yes.
(b) Yes.
3. FAA Sec. 611(a)(2). If 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? No further legislative
action is required of GOI.
4. FAA Sec. 611(b); FY 1987 Continuing
Resolution Sec. 501. If project is for
water or water-related land resource
construction, have benefits and costs
been computed to the extent practicable
in accordance with the principles,
standards, and procedures established
pursuant to the Water Resources Planning
Act (42 U.S.C. 1962, et seq.)? (See
A.I.D. Handbook 3 for guidelines.) N/

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5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total 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? N/A.
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. No.
N/A.
N/A.
7. FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, 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. Amended Project will continue to improve technical efficiency of agriculture and strengthen university involvement in community service activities including cooperatives.
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). As an education activity the amended project will not particularly affect U.S. private trade and investments. Some training will be in the U.S. arranged by a U.S. university TA contractor.
9. FAA Secs. 612(b), 636(h). 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. The GOI is providing the equivalent of \$18.713 Million for the amended project, in cash or "in kind," and will essentially cover the local costs.
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? N/A.

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11. FY 1987 Continuing Resolution Sec. 521.
If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? N/A.
12. FY 1987 Continuing Resolution Sec. 558
(as interpreted by conference report).
If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers? N/A.
13. FY 1987 Continuing Resolution Sec. 559.
Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel? N/A.

AA

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14. FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (a) stress the importance of conserving and sustainably managing forest resources; (b) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (c) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (e) help conserve forests which have not yet been degraded, by helping to increase production on lands already cleared or degraded; (f) conserve forested watersheds and rehabilitate those which have been deforested; (g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (h) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (i) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (j) seek to increase the awareness of

Yes, See Attachment B.2.
to PP Amendment.

N/A.

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U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k) utilize the resources and abilities of all relevant U.S. government agencies?

15. FAA Sec. 119(c)(4)-(6). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas? N/A.
16. 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 (either dollars or local currency generated therefrom)? N/A.
17. FY 1987 Continuing Resolution Sec. 532. Is disbursement of the assistance conditioned solely on the basis of the policies of any multilateral institution? No.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

- a. FAA Secs. 102(b), 111, 113, 281(a). Describe 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, dispersing investment from cities to small towns and rural areas, and
- The primary purpose of the amended project is to improve agriculture which directly affects the poor. In addition, another important element is the development of community services, which again affect directly the rural poor.

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insuring wide participation of the poor in the benefits of development on a sustained basis, using 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; and (e) utilize and encourage regional cooperation by developing countries.

- b. FAA Secs. 103, 103A, 104, 105, 106, 120-21. Does the project fit the criteria for the source of funds (functional account) being used? Yes. The amended project fits the criteria for use of ARDN and EHR loan funds.
- c. FAA Sec. 107. Is emphasis placed 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)? N/A.
- d. FAA Secs. 110, 124(d). Will the recipient country provide at least 25 percent 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)? The GOI will provide \$18.713 of the total project cost or over 43% of the total cost.
- e. 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? Yes.
Yes.

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- f. 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. See Social Soundness Analysis of original PP.
- g. FY 1987 Continuing Resolution Sec. 540. 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? No.
- 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.
- h. FY 1987 Continuing Resolution. Is the assistance being made available to any organization or program which has been determined to support or participate 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 voluntary 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? N/A.
- i. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.

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- j. FY 1987 Continuing Resolution. 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)?
- No fixed percentage of project funds are reserved for Grey Amendment entities, although such will be used for project implementation to the maximum practicable extent.
- k. FAA Sec. 118(c)(13). If the assistance will support a program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species), will the program or project (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b) take full account of the environmental impacts of the proposed activities on biological diversity?
- N/A.
- l. FAA Sec. 118(c)(14). Will assistance be used for (a) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; or (b) actions which significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas?
- N/A.
- m. FAA Sec. 118(c)(15). Will assistance be used for (a) activities which would result in the conversion of forest lands to the rearing of livestock; (b) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands; (c) the colonization of forest lands; or (d) the construction of dams or other water
- N/A.

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control structures which flood relatively undegraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

Development Assistance Project Criteria
(Loans Only)

- | | |
|---|---|
| a. <u>FAA Sec. 122(b)</u> . Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest. | Indonesia has an unblemished record of loan repayments. |
| b. <u>FAA Sec. 620(d)</u> . 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 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest? | N/A. |
| c. <u>FY 1987 Continuing Resolution</u> . If for a loan to a private sector institution from funds made available to carry out the provisions of FAA Sections 103 through 106, will loan be provided, to the maximum extent practicable, at or near the prevailing interest rate paid on Treasury obligations of similar maturity at the time of obligating such funds? | N/A. |
| d. <u>FAA Sec. 122(b)</u> . Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities? | Yes. |

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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? N/A.
- b. FAA Sec. 531(e). Will this assistance be used for military or paramilitary purposes? N/A.
- c. ISDCA of 1985 Sec. 207. Will ESF funds be used to finance the construction, 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? N/A.
- d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? N/A.

5C(3) - STANDARD ITEM CHECKLIST

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

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

A. PROCUREMENT

1. FAA Sec. 602(a). 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 a company? Indonesia does not so discriminate against U.S. marine insurers.
4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) N/A.
5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those N/A.

countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

6. FAA Sec. 603. Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported or privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates? No. Section 901(b) applies.
7. FAA Sec. 621(a). If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? Yes.
8. International Air Transportation Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available? Yes.
9. FY 1987 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? All AID direct contracts will so provide.
10. FY 1987 Continuing Resolution Sec. 524. If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)? Yes. Any such expenditures will be so available.

B. CONSTRUCTION

- 1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used? N/A.
- 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? N/A.
- 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), or does assistance have the express approval of Congress? N/A.

C. OTHER RESTRICTIONS

- 1. FAA Sec. 122(b). If development loan repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter? Yes.
- 2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A.
- 3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes.

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Will arrangements preclude use of financing:

- a. FAA Sec. 104(f); FY 1987 Continuing Resolution Secs. 525, 540. (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; or (4) to lobby for abortion? (1) Yes.
(2) Yes.
(3) Yes.
- b. FAA Sec. 483. To make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? Yes.
- c. FAA Sec. 620(g). To compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? Yes.
- d. FAA Sec. 660. To provide training, advice, or 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. A world-wide light weight vehicle waiver applies.
- g. FY 1987 Continuing Resolution Sec. 503. To pay pensions, annuities, retirement pay, or adjusted service compensation for military personnel? Yes.

- h. FY 1987 Continuing Resolution Sec. 505.
To pay U.N. assessments, arrearages or dues? Yes.
- i. FY 1987 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 1987 Continuing Resolution Sec. 510.
To finance the export of nuclear equipment, fuel, or technology?
- k. FY 1987 Continuing Resolution Sec. 511.
For the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? Yes.
- l. FY 1986 Continuing Resolution Sec. 516.
To be used for publicity or propaganda purposes within U.S. not authorized by Congress? Yes.