

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT DATA SHEET

1. TRANSACTION CODE 3 Amendment Number 3
A = Add
C = Change
D = Delete

2. COUNTRY/ENTITY
Worldwide

3. PROJECT NUMBER
936-5315 151 56107

4. BUREAU/OFFICE
S&T/RD/RRD 0

5. PROJECT TITLE (maximum 40 characters)
Experimental Approaches To Rural Savings

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)
MM DD YY
0 9 3 0 8 9

7. ESTIMATED DATE OF OBLIGATION (Under "B." below, enter 1, 2, 3, or 4) PD AAX-781

A. Initial FY 8 2 B. Quarter 3 C. Final FY 8 1

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

A. FUNDING SOURCE	FIRST FY 82			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G.
AID Appropriated Total	350		350	3000		30
(Grant)	()	()	()	(4000)	()	(40)
(Loan)	()	()	()	()	()	()
Other U.S.						
1.						
2.						
Host Country						
Other Donor(s)						
TOTALS				7000		700

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) FN	280	246		1855		884		3000	
(2)									
(3)									
(4)									
TOTALS				1855		884		3000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)
240

11. SECONDARY PURPOSE CODES (maximum 7 codes of 4 positions each)
260/710

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

A. Code	BR	EQTY	BF	RGEN			
B. Amount							

13. PROJECT PURPOSE (maximum 480 characters)

To promote savings mobilization, and viability of financial institutions of entities that service rural/agricultural areas. To increase the availability of financial capital, and thereby improve the economic circumstances of borrowers in these areas.

14. SCHEDULED EVALUATIONS

Interim	MM YY	MM YY	Final	MM YY
	0 6 8 6			

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify) _____

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

This amendment will increase the life of project core funding by \$884,000 from \$2,116 to a total of \$3,000,000; the life of the project is extended until September 30, 1988; the final year of obligation is extended to FY 1988; the level of incremental funding from missions for long term research is increased from \$2,884,000 to \$4,000,000; the total project level is raised to 7,000,000. In addition the project paper is amended to allow obtaining technical support through a RSSA/PASA.

17. APPROVED BY

Signature: *Christopher H. Russell*
 Title: Director, S&T/RD

Date Signed: MM DD YY
0 5 0 6 8 6

18. DATE DOCUMENT IN AID/F, OR FOR AMENDMENTS, DATE OF DISBURSEMENT

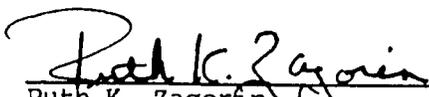
MM DD YY
1 1 1

Project Authorization Amendment

Name of Country/Entity. Worldwide
Name of Project: Experimental Approaches to Rural Savings
Number of Project: 936-5315

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, the Experimental Approaches to Rural Savings was authorized on May 24, 1982. The authorization was last amended on June 24, 1985, to increase the core life of project funding to \$2,116,000, increase the overall life of project funding to \$5,000,000, and authorize extension of the cooperative agreement until December 31, 1987. That authorization is hereby further amended as follows:

- a. The authorized core life-of-project funding is increased from \$2,116,000 to \$3,000,000.
 - b. The total funding ceiling is raised from \$5,000,000 to \$7,000,000 to include mission add-ons of up to \$4,000,000 for long-term research.
 - c. The authorized final year of obligation is extended to FY 1988.
 - d. Authorization is given to extend the the cooperative agreement with Ohio State University from December 31, 1987 to December 31, 1988.
 - e. The project paper is amended to allow obtaining technical support from a RSSA or PASA.
2. The authorization cited above remains in force except as hereby agreed.



Ruth K. Zagorin
Agency Director for Human Resources
Bureau for Science and Technology

JUN 17 1986

Date

Clearance: S&T/PO, GGower Km fu date 6/12/86

ST/RD:4/25/86:5/29/86:W2866n:SAY

ACTION MEMORANDUM FOR THE AGENCY DIRECTOR FOR HUMAN RESOURCES

FROM: S&T/RD, Christopher H. Russell *CR Russell*

SUBJECT: Amendment of the Experimental Approaches to Rural Savings Project (936-5315) (Doc. No. 0003)

Problem:

I. Your authorization is needed to:

(A) Raise the ceiling for S&T core funding from \$2,116,000 to \$3,000,000; the level of Mission buy-in funding from \$2,884,000 to \$4,000,000; and the life of project funding from \$5,000,000 to \$7,000,000;

(B) Extend the authorized final year of obligation to FY 1988 and the Project Assistance Completion Date (PACD) from December 1987 to September 30, 1989;

(C) Extend the Cooperative Agreement with Ohio State University (OSU) from December 31, 1987 to December 31, 1988; and

(D) Amend the project paper to allow project implementation through a RSSA/PASA.

II. Your determination is needed in order to secure an exemption from OMB Circular A-76, in accordance with the provisions of section 621(a) of the Foreign Assistance Act, that the Office of International Cooperation and Development of the United States Department of Agriculture is particularly well suited to provide the technical assistance services of a Senior Agricultural Finance Advisor (Senior Technician), and, therefore, that the existing PASA should be extended until December 31, 1988.

Discussion: Extension. The Experimental Approaches to Rural Savings project is being carried out through a Cooperative Agreement with Ohio State University's Agricultural Finance Department. The project promotes local savings/deposit mobilization as a major vehicle for developing viable rural financial institutions in AID-assisted countries. With its emphasis on market interest rates and private sector approaches, this view of finance and credit is being increasingly incorporated into AID's programs and projects on a worldwide basis. OSU's long-term research in this area, and technical support, are in high demand, and field work is currently underway in Bangladesh, Niger, and the Dominican Republic. Work is due to begin in the Philippines, where the new government, with assistance from the World Bank and USAID is in the process of revitalizing the rural financial system.

S&T/RD has asked the OSU team to incorporate the results of their worldwide research, along with a description of their methodological approach in various field settings, into a book form. This book will provide an important teaching tool on "lessons learned" from an AID-funded project. The work on the book and the Philippines research will require a modest amount of ST/RD core funding, but will provide a significant output for the project, and its objectives.

Work on this book will begin later this year. In addition, the rural finance research in the Philippines will begin in late FY 1986, two years later than originally anticipated, due to that country's political changes. S&T/RD believes that these activities are necessary and appropriate to the achievement of the project objectives. Therefore, the length of the project needs to be extended through FY 1989, and the Cooperative Agreement with OSU extended until December 31, 1988.

Additionally, the funding levels for both S&T core and mission add-ons need to be increased. Raising the S&T core level by \$884,000 from \$2,116,000 to \$3,000,000 allows for the FY 86 obligation of \$510,000, and FY 87 obligation of \$455,000, with an \$180,350 margin to support additional activities, subject to the availability of funds. An increase in the mission add-on level by \$1,116,000 from \$2,884,000 to \$4,000,000 will allow the continuation of field research and technical support, and the synthesis of this work in book form. Specific countries for this work will be the Philippines, Bangladesh and Indonesia.

A congressional notification is now in progress.

Technical Assistance. Technical assistance and research in support of this project is being carried out under a PASA mechanism. Originally funded under the Field Services and Program Support project (936-1096), the PASA was funded from the Rural Savings project in FY 85 since the services related solely to that project. This was not anticipated in the original project paper, which must now be amended to reflect this evolution. Approval of this action memorandum and attached PAF amendment will allow extension of the existing PASA based on a 621(a) determination.

The Experimental Approaches to Rural Savings project promotes the strengthening of the agricultural sector through the establishment of viable and sustainable financial institutions servicing agricultural and rural areas. This project is authorized pursuant to, and funded under Section 103 (Agriculture, Rural Development and Nutrition) of the FAA. The services provided under the PASA include technical expertise to work with AID/W and USAIDs on issues of credit and finance; the provision of technical research analysis on finance and credit; and technical coordination with other donors on these issues.

The U.S. Department of Agriculture (USDA) is particularly qualified to provide the services of a Senior Technician in this field for the following reasons: (1) it is the primary U.S. Government source of technical knowledge and experience in the fields of agricultural finance; (2) it provides exceptional applied expertise in the design, implementation and evaluation of projects in these areas; and (3) its own technical assistance program, network of international agricultural advisers, in-house research, international training, policy analysis programs and official ties to and cooperation with other international agencies provide an invaluable cross-fertilizing environment for the support of this credit project. The person provided by this institution will be cognizant of the work of all the international donors in this field. Since the project requires substantial donor coordination, this feature becomes very important for the success of the project.

We conclude that because of (a) the above-described absolute technical advantage, and (b) the historical relative cost advantage of similar agreements with the U.S. Department of Agriculture, neither private enterprise nor any other U.S. Government agency can provide this extensive range of experience and contacts at a better price, and therefore are deemed not to be competitive with the U.S. Department of Agriculture.

Recommendation:

I. That you:

Sign the attached PAF authorizing extension of the final year of obligation of project 936-5315 to September 30, 1988, and the PACD to September 30, 1989; raising the ceiling of the core funding of the project to \$3,000,000, the level of Mission buy-in funding to \$4,000,000, and the life of project funding to \$7,000,000; the extension of the cooperative agreement with Ohio State University until December 31, 1988; the amendment of the project paper to authorize obtaining project technical assistance through a RSSA/FASA mechanism.

II. That you:

Hereby determine, in accordance with the factors described above, that the extension of the current PASA with Office of International Cooperation and Development of the U.S. Department of Agriculture qualifies for exemption from the provisions of OMB Circular A-76 under Sector 621(a) of the Foreign Assistance Act because: (1) it is for technical assistance; (2) the USDA is particularly suitable for this scope of work; and (3) it is not competitive with the private sector.

Approved: Paul K. Zagour

Disapproved: _____

Date: JUN 17 1986

- Attachments:
1. Project Authorization Amendment
 2. Project Data Sheet

Clearances:

S&T/RD: EChetwynd	(in draft)	Date	<u>04/28/86</u>
S&T/RD/PO: RSMcClusky	<u>BSW</u>	Date	<u>6/4/86</u>
GC: Smith Mathice	<u>AKM</u>	Date	<u>6/3/86</u>
S&T/PO: GGower	<u>[Signature]</u>	Date	<u>6/12/86</u>
S&T/MGT, PThome	<u>[Signature]</u>	Date	<u>6/10/86</u>

Drafted: S&T/RD/RRD: da/SAY
Revised: 4/15:65:4/25/86:5/30/86:W4032p:pgs.4-7