

PD-ABC-621

U N C L A S S I F I E D 01/02/93

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D.C. 20523

PROJECT PAPER

Mongolia
Support for Economic Transition
438-0001

April 12, 1991

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

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

DOCUMENT CODE
3

COUNTRY/ENTITY

Mongolia

3. PROJECT NUMBER

438-0001

4. BUREAU/OFFICE

Asia & Private Enterprise

04

5. PROJECT TITLE (maximum 40 characters)

Support for Economic Transition

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
04 30 94

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

A. Initial FY 91

B. Quarter 3

C. Final FY 91

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

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(2,000)	(-)	(2,000)	(2,000)	(-)	(2,000)
(Loan)	()	()	()	()	()	()
Other 1.						
U.S. 2.						
Host Country						
Other Donor(s)						
TOTALS	2,000	-	2,000	2,000	-	2,000

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) EHB	700			-	-	1,000	-	1,000	-
(2) SDA	700			-	-	1,000	-	1,000	-
(3)									
(4)									
TOTALS						2,000	-	2,000	-

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 strengthen the capacity of key Mongolian decision-makers to respond to current economic problems and to plan for and implement the policy and regulatory reforms required in both the short and long term for Mongolia's transition to a market-based economy.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify) 935

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

17. APPROVED BY

Signature

Henrietta Holsman Fore

Title

Assistant Administrator

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

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

ASSISTANT
ADMINISTRATOR

PROJECT AUTHORIZATION

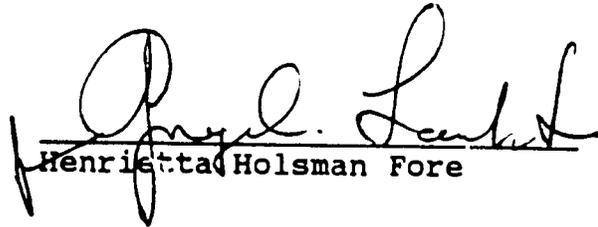
Name of Country: Mongolian People's Republic
Name of Project: Support for Economic Transition
Number of Project: 438-0001
**Name of Grantee(s)
Contractors:** Various

1. Pursuant to Section 103 and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Support for Economic Transition Project ("Project") for the Mongolian People's Republic ("Cooperating Country") involving planned obligations of not to exceed Two Million U.S. Dollars (\$2,000,000) over the three-year period from the date of this authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process.

2. The Project will consist of the following activities: [a] short-term technical advisory services to Mongolian public and private sector institutions; [b] short-term technical training of Mongolian nationals in the United States and in third countries; [c] long-term academic training of Mongolian nationals in the United States; and [d] administrative support for implementation of the Project. These activities will be undertaken in order to strengthen the capacity of key Mongolian decision-makers to plan for and implement policy and regulatory reforms required in both the short and long term for Mongolia's transition to a market-based economy.

3. The agreements and contracts necessary to implement the Project may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, provided, however, that no agreements shall be negotiated or executed with the Government of the Mongolian People's Republic unless such officers have been authorized to negotiate and execute such agreements by the Department of State in accordance with Circular 175. Such agreements shall be subject to the following essential terms, covenants and major conditions, together with other terms and conditions as A.I.D. may deem appropriate:

- Source and Origin of Commodities; Nationality of Services. Commodities financed by A.I.D. under the Project shall have their source and origin in the United States. The suppliers of commodities or services shall have as their place of nationality the United States, provided, however, that nationals of the Cooperating Country may be hired to staff the local project office. The source and origin of two four-wheel drive motor vehicles, plus spare parts therefor, may be the United States, the Cooperating Country or countries in A.I.D. Geographic Code 935. Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may agree otherwise in writing, be financed only on flag vessels of the United States.


Henrietta Holsman Fore

4-12-91
Date

CLEARANCES:

DAA/APRE: GLaudato:	_____	Date:	_____.
APRE/A: WNorth:	[draft]	Date:	<u>4/01/91</u> .
APRE/FPM: PDavis	[draft]	Date:	<u>4/01/91</u> .
APRE/SPEE: PDavis	[draft]	Date:	<u>4/01/91</u> .
PPC/PB: PDelBosque	[draft]	Date:	<u>3/29/91</u> .
APRE/DR: KSherper	<i>KLS</i>	Date:	<u>4/11/91</u> .
APRE/DR/PD: EMorris	[draft]	Date:	<u>4/01/91</u> .
APRE/DR/TR: TNicastro	[draft]	Date:	<u>3/29/91</u> .
APRE/DR/TR: MKux	[draft]	Date:	<u>3/26/91</u> .
APRE/A: KKirkman	[draft]	Date:	<u>4/01/91</u> .
GC/APRE: RSonenthal	<i>R5</i>	Date:	<u>4/10/91</u> .
MS/OP/COMS/T: RCGreen	[phone]	Date:	<u>4/09/91</u> .
MS/OP/COMS/M: SKinsley	[phone]	Date:	<u>4/10/91</u> .
STATE/EAP/CM: DKeegan	[draft]	Date:	<u>4/09/91</u> .

R5
Drafted: GC/APRE: RSonenthal: rbs; 3/31/91: rev'd: 4/4/91: 4/9/91;
apre.gen\mongolia.aut.

4'

MONGOLIA

SUPPORT FOR ECONOMIC TRANSITION (438-0001)

I. BACKGROUND

A former Soviet satellite, Mongolia is undergoing a dramatic political and economic transition. Following democratic elections in July 1990, the new Government of the Mongolian People's Republic (GMPR) has initiated the economic transition from a centrally-planned, command economy to a market-based economy.

The GMPR's commitment to developing a market economy is strong, but there is little understanding of the full economic, and potentially political, costs of the transition. Soviet aid, which had been sustained at an estimated level of \$800-900 million per year, has been drastically reduced. Effects are already evident in slow-downs in construction starts and infrastructure development and improvements. As subsidies for imported staples (gasoline, rice, flour, oil, etc.) are reduced and prices rise to more nearly reflect world market prices, the shock to consumers will be substantial. Pricing reform measures and food rationing to mitigate shortages and hoarding were introduced in January 1991. As a result, Mongolia has already begun to experience serious development problems and a drop in living standards which will continue to grow more severe over the next several years.

The GMPR is seeking multilateral and bilateral donor assistance in undertaking the full range of economic reforms as well as financial support to sustain the momentum of the transition while surviving probable shortages in basic services and commodities over the next six months. The financial costs of structural adjustment will be examined closely and quickly now that Mongolia is a member of the World Bank and IMF (as of February 14, 1991) and the Asian Development Bank (as of February 23, 1991).

Our support to Mongolia in making the transition will be offered over both the short- and the long-term. In the short-term, an FY 1991 OYB level of \$2.0 million has been established to initiate a first project for an A.I.D. program in Mongolia. The project can be implemented quickly and will allow us the flexibility to reprogram funds if necessary to meet critical immediate needs in the short term in order to maintain progress toward economic stabilization. The project also lays the groundwork for a follow-on project to be designed within the coming months and initiated in FY 1992.

A Congressional Notification will be sent to the Hill on April 10. The fifteen-day waiting period will expire on April 25.

II. PROJECT DESCRIPTION

The goal of the A.I.D. program in Mongolia is to support the development of free enterprise and democracy in Mongolia which will serve as an important model for Asia into the twenty-first century. To impact on this goal we plan to foster the development of Mongolian private and public institutions to sustain the growth of free enterprise and democracy.

The purpose of the project is to strengthen the capacity of key Mongolian decision-makers to plan for and implement the policy and regulatory reforms required in both the short and long term for Mongolia's transition to a market-based economy. The project responds directly to the highest priorities for donor assistance: technical advisory services in formulating and implementing reforms, short-term technical training, and long-term academic training. Activities will also build on the success of the A.I.D.-sponsored conference on "Transition to a Market Economy" which was held in Mongolia on January 15-17, 1991 and funded under the Institutional Reform and the Informal Sector (IRIS) project.

The project will have four components:

(a) Technical Advisory Services (\$1,004,000)

Mongolia critically needs specialized advisory services to address current economic problems as well as to address the range of economic policy reforms which will be required to undertake the transition. Three types of services will be provided:

- the long-term services (up to nine months) of an economist who is specialized in the issues related to economic transformation and preferably with experience in Eastern Europe. This advisor will work in the Office of the Prime Minister and will also oversee the provision of the short-term technical advisory and training activities in the U.S. and Mongolia.

- the short-term services of technical advisors who will work with Mongolian counterparts in the public and private sectors in restoring basic economic and social functioning and in formulating and implementing reforms in such areas as monetary policy, management, private enterprise development and computerization; and

- the short-term services of other advisors who will present in-country seminars and workshops. Training programs will be offered on such topics as market economics and management, international trade (including export management and marketing, taxation and trade regulations), property law as it relates to land valuation and privatization, and cooperative management.

The GMPR will provide (1) housing, utilities and basic furnishings and appliances for the long-term advisor, (2) office space and equipment for all advisors and (3) facilities and other logistic support for the seminars and workshops.

(b) Short-Term Technical Training in the U.S. and Third Countries (\$360,000)

Up to thirty-six Mongolians will travel to the U.S. and/or third countries (e.g., Eastern European countries) on training programs and study tours to learn about the U.S. marketplace philosophy and to be exposed to the management and marketing skills which are applied in the private sector. Training will be provided on such topics as small and micro enterprise development, market economics, management, civil codes, property law and finance. Study tours will be arranged around such areas of interest as the U.S. cooperative movement and energy supply and pollution control. Funding will also be provided to cover the costs associated with the attendance of Mongolians at conferences relevant to economic transition. The GMPR will continue the salaries of Mongolian participants while they are in training status.

(c) Long-Term Academic Training in the U.S. (\$289,000)

Four Mongolians will receive Master's Degree-level training at U.S. universities in, tentatively, market economics (1), management (1), agricultural economics (1) and public administration (1). Training may also be provided in business and finance. Candidates, who will all be senior- and mid-level decision-makers, will be drawn from government institutions and agencies and the private sector.

Intensive English language training will be provided in the U.S. prior to arrival on campus. It is planned to give the Test of English as a Second Language (TOEFL) in Ulaanbaatar in May 1991 and to process applications as soon as possible. Depending upon the level of English language proficiency, it is expected that one or two candidates may be able to begin their M.A. programs in January 1992.

(d) Administrative Support for Project Implementation
(\$347,000)

Backstopping project implementation will require a combination of direct-hire management from AID/W and in-country administrative support funded under the project. In-country support will include a locally hired full-time American professional, one or two full-time Mongolian professionals, and logistical support to maintain an office. Logistical support will include the procurement of two four-wheel drive vehicles, office furnishings and equipment; vehicle operation and maintenance; and the employment of a secretary, an interpreter-office worker and two drivers.

It is anticipated that the GMPR will contribute to the costs of opening the office, including office rental, utilities and furnishings. Section IV. below, Implementation Plan, discusses project implementation and management arrangements in more detail.

III. BUDGET SUMMARY OF A.I.D. INPUTS BY COMPONENT

Key to Project Components:

- 1 - Technical Advisory Services
- 2 - Short-Term Technical Training in the U.S. and Third Countries
- 3 - Long-Term Academic Training in the U.S.
- 4 - Administrative Support for Project Implementation

<u>INPUT</u>	<u>COMPONENT (\$000)</u>				<u>TOTAL</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
Technical Services	634			61	695
Participant Training	370	360	289		1,019
Commodities				80	80
Other Costs				206	206
TOTAL	1,004	360	289	347	2,000

Detailed cost estimates are attached (Annex A).

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IV. IMPLEMENTATION PLAN

A. Project Implementation

As discussed in January 1991 with the Ministry of Foreign Relations in Ulaanbaatar, following project authorization, a letter will be sent to the Minister which discusses the focus of the project and outlines the activities to be implemented under each component. Each component has been discussed with the Ministry, and no problems are anticipated in informal negotiations related to the contents of the letter. Although also discussed informally with the Ministry, the specific elements of the GMPR's contribution to the project will require final negotiation. The Embassy will prepare an informal translation of the letter into Mongolian.

The project will be implemented through various mechanisms, especially buy-ins to centrally-funded projects. The PIOs will be obligating documents. It is planned to use the following mechanisms by project component:

- Technical advisory services: A contract with a firm for the services of a long-term advisor and consultants to present in-country workshops and seminars and to provide on-the-job training. Contracting may be handled through regional or central project buy-ins. Consideration will also be given to contracting with an 8(a) or Gray Amendment firm.

- Short-term technical training in the U.S. and third countries: PIO/T buy-ins to, for example, the Institutional Reform and the Informal Sector project (IRIS, 940-0015) and funded PIO/Ps to the Partners for International Education and Training project (PIET, XXX-XXXX) for on-the-job training and study tours through the Entrepreneurs International Program.

- Long-term academic training in the U.S.: Funded PIO/Ps for participant placement and management through the PIET project.

- Administrative support: Appropriate arrangements to employ an A.I.D. reemployed annuitant with contracting authority to set up the project office. He/she will also procure the necessary commodities; on the basis of a PIO/T, sign a personal services contract with the American resident hire; and arrange for the employment of Mongolian office staff. Local recruitment will be based on competition. PIO/Cs and Purchase Orders for procurement of the vehicles, vehicle operation and maintenance, and office equipment, furnishings and supplies. A procurement source and origin waiver for the vehicles, attached as Annex D, will be approved concurrently with project authorization.

B. Project Management

Project implementation will prove challenging in two principal regards: (1) there are no plans to open an A.I.D. Mission in Mongolia at this time; and (2) in-country resources, including administrative resources at the Embassy and basic requirements for staff support and operations, are minimal.

The Office of Development Resources in the Bureau for Asia and Private Enterprise (APRE/DR) will assume primary project management and monitoring responsibility. Actions will include arrangements for administrative management of the project, arrangements for contracting for the long- and short-term advisory services, and preparing the PIO/Ps and PIO/Ts for buy-ins to centrally-funded and -managed projects.

Responsibility for implementing and backstopping implementation of specific activities (short-term training and study tours in the U.S., long-term academic training, etc.) will shift to the A.I.D. project manager upon issuance of the PIOs.

A Project Committee will also be constituted and jointly chaired by APRE/A and APRE/DR/PD. This Committee will meet periodically to monitor project implementation and coordinate design of the follow-on FY 1992 project.

V. ENVIRONMENTAL ANALYSIS

The APRE Bureau Environmental Coordinator has approved a Negative Determination on the basis that the project meets the criteria, as specified in 22 CFR, Section 216.2(c)(2)(i), for a categorical exclusion. Under this section, education, technical assistance or training programs to the extent that such programs do not include activities directly affecting the environment are not subject to the provisions of Section 216.3. The Categorical Exclusion is attached as Annex C.

Annexes:

- A. Detailed Cost Estimates
- B. Statutory Checklist
- C. Initial Environmental Examination - Categorical Exclusion


Drafter: APRE/DR/PD: DBlan1.Doc.MA:2/25/91;rev:4/5/91

ANNEX A

DETAILED COST ESTIMATES

1. TECHNICAL ADVISORY SERVICES (\$1,004,000)(a) Long-Term Advisor for Nine Months (\$264,000)

<u>Budget Item</u>	<u>Est. Cost</u>
Salary (\$308/day x 180 workdays)	\$55,440
Fringe (30%))	16,632
Overhead (100%)	72,072
Round-trip airfare (via Beijing)	3,500
Per diem (\$96 x 252 days)	24,192
Communications (by phone: \$11/minute x 30 minutes/week x 52 weeks)	17,160
Interpreter (\$25/day x 180 workdays)	4,500
Moving and start-up costs	6,000
	<u>Sub-Total</u>
	199,496
Contingency (15%)	29,924
	<u>Sub-Total</u>
	229,420
Fees (15%)	34,413
	<u>Grand Total</u>
	263,833
	Rounded to \$264,000

Notes:

1. The estimate assumes that the advisor will be recruited through a firm.
2. It is considerably less expensive to travel in and out of Mongolia through Beijing. The cost of travel via Moscow is about \$6,000.
3. Since there is no USG-owned housing, the advisor will be on per diem for the period of his assignment. He/she will still be entitled to per diem if the GMPR provides housing. The per diem will be adequate to cover costs of purchasing and shipping consummables from a commercial concern in Beijing.
4. The GMPR has informally agreed to provide a GMPR-leased apartment with furnishings and appliances.
5. Since he/she will be assigned for less than 12 months, dependents will not accompany the advisor. Education, R&R, hardship and cost-of-living allowances have not been budgeted.
6. Timely communications are generally limited to the telephone and reliance on travellers to carry correspondence. It is likely that fax communications may be available by late 1991.

(b) Short-Term Technical Services (\$740,000)

Consultants will present workshops and seminars in Mongolia and also provide on-the-job training to counterparts in Mongolian private and public institutions and agencies. The total estimate of \$740,000 is based on the provision of up to twenty person-months of services (\$37,000 x 20 pm).

It is estimated that a total of five workshops will be presented in Mongolia. It is also assumed that (a) each workshop will be presented by two consultants and (b) each consultant will spend about four weeks on the workshop, including preparation time. Summary estimate:

Counterpart training: 10 person-months
Workshops: 10 person-months

The following estimate is based on a four-week TDY.

<u>Budget Item</u>	<u>Est. Cost</u>
Services (\$308/day x 24 days)	\$7,392
Fringe (30%)	2,218
Overhead (100%)	9,610
Round-trip airfare (via Beijing)	3,500
Per diem (\$96/day x 28 days)	2,688
Local transportation (car rental or driver at \$25/day x 28 days)	700
Communications (\$11/minute x 30 minutes/week x four weeks)	1,320
Interpreter (\$25/day x 24 days)	600
	Sub-Total 28,028
Contingency (15%)	4,204
	Sub-Total 32,232
Fees (15%)	4,835
	Grand Total \$37,067
	Rounded to \$37,000

Notes:

1. The budget for services is based on a six-day workweek.
2. The budget includes \$700 for local transportation. Although there are presently no car rental services in Ulaanbaatar, the situation may change quickly as a demand for car rentals grows. It is therefore assumed that the host institution for the consultant will provide a vehicle for on-duty transportation in the capital, although it is probable that the consultant will have to pay for the services of the driver. (It is not recommended that the consultant drive him/herself.)
3. Communications: see Note 6 in (a) above.

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2. SHORT-TERM TECHNICAL TRAINING IN THE U.S. AND THIRD COUNTRIES (\$360,000)

The total estimate for this component is based on programming up to thirty-six Mongolian short-term participants. The budget table below presents calculations based on a group having an average of six Mongolians. If there are more than six persons in a group, it may be necessary to provide a second escort-interpreter. The estimate also assumes that the training program/study tour will average four weeks. The attendance and associated costs of Mongolians to attend conferences may also be funded under this component.

<u>Budget Item</u>	<u>Est. Cost</u>
Program (\$1,300/week x 4 weeks)	\$5,200
Round-trip airfare (\$3,500 x 6 persons)	21,000
Per diem (28 days x \$70/day x 6 persons)	11,760
Domestic travel (\$1,000 x 6 persons)	6,000
Health insurance (\$70 x 6 persons)	420
Professional meetings & memberships (\$600 x 6 persons)	3,600
Program administration (\$300 x 6 persons)	1,800
Sub-Total	<u>49,780</u>
Escort-interpreter	
- Salary (\$175/day x 28 days)	4,900
- Per diem (\$70/day x 28 days)	1,960
- Domestic travel	<u>1,000</u>
Sub-Total	<u>7,860</u>
Grand Total	57,640
Rounded to	\$60,000
Six groups (6 persons per group) for average four-week training program/study tour (6 groups x \$60,000/group)	\$360,000

Notes:

1. The per diem rate for the U.S. is estimated at \$70, an average of \$65-75 if participants visit small cities and towns in the U.S.
3. If a program such as the Entrepreneurs International Program is used, costs would generally be lower since there is no tuition.

3. LONG-TERM ACADEMIC TRAINING IN THE U.S. (\$289,000)

The estimate of \$72,255 per participant is based on the following assumptions:

- two-year Master's Degree program
- PIET programming
- inflation rate of 6 percent
- five-month intensive English language training in the U.S. prior to beginning the M.A. program

Four Mongolians x \$72,025/participant	\$289,020
Rounded to	\$289,000

Source: OIT Spreadsheet

4. ADMINISTRATIVE SUPPORT FOR PROJECT IMPLEMENTATION (\$347,000)

(a) Project Start-Up (\$61,000)

It is planned to hire an A.I.D. "reemployed annuitant" to set up the project office in Ulaanbaatar. This Administrative Specialist will have contracting authority and will also be able to handle the procurement of vehicles, office furnishings, equipment and supplies.

<u>Budget Item</u>	<u>Est. Cost</u>
Services (\$308/day x 72 workdays)	\$22,176
Round-trip airfare (\$3,500 x 2 round trips)	7,000
Per diem (for total of 84 days)	
- A.I.D./Washington (\$131/day x 10 days)	1,310
- Ulaanbaatar (\$96/day x 64 days)	6,144
- Tokyo (\$247/day x 10 days)	2,470
- Beijing (\$151/day x 10 days)	1,510
- Hong Kong (\$196/day x 10 days)	1,960
Communications (\$11/minute x 30 minutes/week x 12 weeks)	3,960
Interpreter (\$25/day x 72 workdays)	1,800
Transportation (\$50/day x 84 days)	4,200
	<u>Sub-Total</u>
	52,530
Contingency (15%)	7,880
	<u>Grand Total</u>
	60,410
	Rounded to
	\$61,000

Notes:

1. The budget for services is based on a six-day workweek.
2. Two round-trips have been budgeted to allow a return to the U.S. for consultation, logistic follow-up, etc.

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(b) Project Office Operations for One Year (\$286,000)

There is no intention to establish an A.I.D. Office in Mongolia at this time. Instead, a project office will be established in Ulaanbaatar to backstop the implementation of the project. In-country implementation services which will be provided through the project office will include liaison support between A.I.D./W and the GMPR, logistic support for technical advisors (support in making travel and hotel reservations, coordination with/among private sector and public sector contacts, work space in the office, etc.) and processing support for Mongolian participants traveling to the U.S. (TOEFL testing, forwarding nominations from the Ministry of Foreign Relations to A.I.D./W, managing health clearances, making travel arrangements, etc.). English-Mongolian translation services will also be provided.

Commodities procured with project funds will probably not have to be replaced until Year 2 or Year 3 under the FY 1992 follow-on project.

<u>Budget Item</u>	<u>Est. Cost</u>
Project Coordinator (American, resident hire with top secret security clearance)	\$38,000
2 Mongolian Project Assistants (\$12,000/year x two persons)	24,000
2 four-wheel drive vehicles with spare parts (\$30,000 each)	60,000
Office furnishings and equipment (including computer equipment, typewriters, copying machine, desks, chairs, tables, lamps, filing cabinets, curtains, desk supplies, etc.)	20,000
Shipment of commodities	63,000
Vehicle operation and maintenance (\$1,000/month x 2 vehicles x 12 months)	24,000
4 Mongolian support staff (secretary, interpreter/translator-office worker, 2 drivers; \$9,000/year x four persons)	36,000
OIT Training Officers Workshop	5,000
Round-trip airfare (\$3,500)	
Per diem in Washington (\$131/day x 10 days = \$1,310)	
Miscellaneous (\$190)	
Contingency	16,000
Total	<u>\$286,000</u>

Notes:

1. As discussed above, it is stressed that an A.I.D. Office in Mongolia will not be established with project funding. The Project Coordinator and subordinate staff will work only on the implementation of the project. The

- position will be filled on the basis of competition. Given the need to backstop project implementation independent of reliance on Embassy personnel support, the candidate must have top secret clearance. With this clearance, the Project Coordinator will have access to secured Embassy facilities, which is required especially for the transmission of cables and documents to A.I.D./W.
2. Recruitment of Mongolian staff will also be undertaken on a competitive basis.
 3. A Toyota Landcruiser should be procured given the total lack of service capability for U.S. vehicles and the advisability of standardization with the Embassy motor pool.
 4. Although it is possible to purchase basic furnishings in Ulaanbaatar, it is probably preferable to procure most if not all items in the U.S. or in Japan or Hong Kong (source and origin of preference for the Embassy and Peace Corps).
 5. OIT's Training Officers Workshop will be held in Washington on August 12-16, 1991, preceded by a "new entry" training session on August 8-9. Costs to assure the attendance of one of the Mongolian Project Assistants has been budgeted.

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AID HANDBOOK	Trans. Memo. No.	Effective Date	Page No.
3	3:70	Oct. 1, 1989	3M(2)-1

3M(2) - PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A includes criteria applicable to all projects. Part B applies to projects funded from specific sources only: B(1) applies to all projects funded with Development Assistance; B(2) applies to projects funded with Development Assistance loans; and B(3) applies to projects funded from ESF.

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

A. GENERAL CRITERIA FOR PROJECT

1. FY 1990 Appropriations Act Sec. 523; FAA Sec. 634A. If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified?
A Congressional Notification will be sent to the Congress on April 10, 1991. The waiting period will expire on April 25, 1991, and no obligations will be incurred prior to that date.
2. FAA Sec. 611(a). Prior to an 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?
The Modified Project Paper includes financial and implementation plans. There is therefore a reasonably firm cost estimate.
3. FAA Sec. 611(a)(2). If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?
No legislative action in Mongolia is required.
4. FAA Sec. 611(b); FY 1990 Appropriations Act 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.)
Not applicable.
- 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 to maintain and utilize the project effectively?
Not applicable.

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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.
6. No, although a significant amount of project funding will be used for "buy-ins" to A.I.D. worldwide projects.
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.
7. Since the purpose of the project is to strengthen the capacity of Mongolian decision-makers to plan for and implement the policy and regulatory reforms related to the transition to a market-based economy, the project will directly encourage efforts (a)-(f).
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).
8. Contacts between the U.S. and emerging Mongolian private sectors will be encouraged and supported through study tours and advisory services.
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.
9. The Government of Mongolia will contribute local currency to meet most in-country local costs associated with providing long-term advisory services. There are no available U.S.-owned local currencies.
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?
10. No. Not applicable.
11. FY 1990 Appropriations Act 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?
11. Not applicable.
12. FY 1990 Appropriations Act Sec. 547. 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
12. No.

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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?

13. FAA Sec. 119(g)(4)-(6) & (10). 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?
- The assistance will not directly impact on (a) to (d). Rather, assistance will focus on training related to economic policy and regulatory reforms pertaining to an emerging market economy. The correct implementation of economic reforms, however, may have an indirect beneficial impact on (a)-(c).
14. FAA Sec. 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)?
- Not applicable.
15. FY 1990 Appropriations Act, Title II, under heading "Agency for International Development." If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?
- Not applicable. No assistance will be available to U.S. PVOs.
16. FY 1990 Appropriations Act Sec. 537. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of AID, and is the PVO registered with AID?
- Not applicable. No assistance will be available to U.S. PVOs.
17. FY 1990 Appropriations Act Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?
- All Congressional Notification requirements will be met.

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18. State Authorization Sec. 139 (as interpreted by conference report). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and AID LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).

Not applicable. A Project Grant Agreement will not be signed with the Government of Mongolia.

19. Trade Act Sec. 5164 (as interpreted by conference report), amending Metric Conversion Act of 1975 Sec. 2 (and as implemented through AID policy). Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will AID specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

Not applicable.

20. FY 1990 Appropriations Act, Title II, under heading "Women in Development." Will assistance be designed so that the percentage of women participants will be demonstrably increased? Yes.

21. FY 1990 Appropriations Act Sec. 592(a). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies, has AID (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of AID and that government to monitor and account for deposits into and disbursements from the separate account?

Not applicable. No local currencies will be generated under this project.

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Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government? Not applicable.

Has AID taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes? Not applicable.

If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government? Not applicable.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FY 1990 Appropriations Act Sec. 546 (as interpreted by conference report for original enactment). 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: (1) 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 (2) in support of research that is intended primarily to benefit U.S. producers? It is not planned to undertake agricultural development activities under the project.

b. FAA Sec. 107. Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? An emphasis will be placed on the use of appropriate technology within the context of study tours or technical training.

c. FAA Sec. 281(b). Describe extent to which the activity 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 civic education and training in skills required for effective participation in governmental and political processes essential to self-government. The project has been designed to address each of these concerns.

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- d. FAA Sec. 101(a). 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? Yes.
- e. FAA Secs. 102(b), 111, 113, 281(a). Describe extent to which activity will: (1) 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 insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries. The emphasis of the project is on training for improved decision-making. There should be an indirect impact on (1) - (5).
- f. FAA Secs. 103, 103A, 104, 105, 106, 120-21; FY 1990 Appropriations Act, Title II, under heading "Sub-Saharan Africa, DA." Does the project fit the criteria for the source of funds (functional account) being used? Not applicable.
- g. FY 1990 Appropriations Act, Title II, under heading "Sub-Saharan Africa, DA." Have local currencies generated by the sale of imports or foreign exchange by the government of a country in Sub-Saharan Africa from funds appropriated under Sub-Saharan Africa, DA been deposited in a special account established by that government, and are these local currencies available only for use, in accordance with an agreement with the United States, for development activities which are consistent with the policy directions of Section 102 of the FAA and for necessary administrative requirements of the U. S. Government? Not applicable.
- h. 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)? Within the context of study tours and technical training, emphasis will be placed on the use of appropriate technology.

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i. 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)?

Not applicable because a Project Grant Agreement will not be signed with the Government of Mongolia. The Government of Mongolia will, however, contribute substantially to the in-country costs of the project.

j. 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.

k. 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.

The project has been designed to address each of these concerns.

l. FY 1990 Appropriations Act, under heading "Population, DA," and Sec. 535. 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?

Not applicable.

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?

Not applicable.

Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

Not applicable.

Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services?

Not applicable.

In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning?

Not applicable.

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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?

Not applicable.

m. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes.

n. FY 1990 Appropriations Act Sec. 579. What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, 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)?

The participation of 8(a) and Gray Amendment firms will be considered for the provision of technical advisory services.

o. FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in AID 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: (1) stress the importance of conserving and sustainably managing forest resources; (2) 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; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest

A Negative Determination has been approved on the basis that the project meets the criteria, as specified in 22 CFR, Sec. 216.2(c)(2)(i), for a Categorical Exclusion

Regarding (1)-(10), provision of environmental training, including training in forest management, is not foreseen. No research related to tropical forests will be undertaken.

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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; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; and (11) utilize the resources and abilities of all relevant U.S. government agencies?

p. 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: (1) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (2) take full account of the environmental impacts of the proposed activities on biological diversity?

Not applicable.

q. FAA Sec. 118(c)(14). Will assistance be used for: (1) 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 (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas?

Not applicable.

r. FAA Sec. 118(c)(15). Will assistance be used for: (1) activities which would result in the conversion of forest lands to the rearing of livestock; (2) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (3) the colonization of forest lands; or (4) the construction of dams or other water control structures which flood relatively undergraded 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?

Not applicable.

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s. FY 1990 Appropriations Act Sec. 534(a). If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

Not applicable.

t. FY 1990 Appropriations Act Sec. 534(b). If assistance relates to energy, will such assistance focus on improved energy efficiency, increased use of renewable energy resources, and national energy plans (such as least-cost energy plans) which include investment in end-use efficiency and renewable energy resources?

Any training which may be related to energy will focus on each of these concerns.

Describe and give conclusions as to how such assistance will: (1) increase the energy expertise of A.I.D. staff, (2) help to develop analyses of energy-sector actions to minimize emissions of greenhouse gases at least cost, (3) develop energy-sector plans that employ end-use analysis and other techniques to identify cost-effective actions to minimize reliance on fossil fuels, (4) help to analyze fully environmental impacts (including impact on global warming), (5) improve efficiency in production, transmission, distribution, and use of energy, (6) assist in exploiting nonconventional renewable energy resources, including wind, solar, small-hydro, geo-thermal, and advanced biomass systems, (7) expand efforts to meet the energy needs of the rural poor, (8) encourage host countries to sponsor meetings with United States energy efficiency experts to discuss the use of least-cost planning techniques, (9) help to develop a cadre of United States experts capable of providing technical assistance to developing countries on energy issues, and (10) strengthen cooperation on energy issues with the Department of Energy, EPA, World Bank, and Development Assistance Committee of the OECD.

Training related to the energy sector should indirectly impact on (1) - (10).

u. FY 1990 Appropriations Act, Title II, under heading "Sub-Saharan Africa, DA" (as interpreted by conference report upon original enactment). If assistance will come from the Sub-Saharan Africa DA account, is it: (1) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (2) being provided in accordance with the policies contained in section 102 of the FAA; (3) being provided, when consistent with the objectives of such assistance, through African, United States and other PVOs

Not applicable.

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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; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; and (11) utilize the resources and abilities of all relevant U.S. government agencies?

p. 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: (1) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (2) take full account of the environmental impacts of the proposed activities on biological diversity?

Not applicable.

q. FAA Sec. 118(c)(14). Will assistance be used for: (1) 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 (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas?

Not applicable.

r. FAA Sec. 118(c)(15). Will assistance be used for: (1) activities which would result in the conversion of forest lands to the rearing of livestock; (2) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (3) the colonization of forest lands; or (4) the construction of dams or other water control structures which flood relatively undergraded 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?

Not applicable.

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s. FY 1990 Appropriations Act Sec. 534(a). If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

Not applicable.

t. FY 1990 Appropriations Act Sec. 534(b). If assistance relates to energy, will such assistance focus on improved energy efficiency, increased use of renewable energy resources, and national energy plans (such as least-cost energy plans) which include investment in end-use efficiency and renewable energy resources?

Any training which may be related to energy will focus on each of these concerns.

Describe and give conclusions as to how such assistance will: (1) increase the energy expertise of A.I.D. staff, (2) help to develop analyses of energy-sector actions to minimize emissions of greenhouse gases at least cost, (3) develop energy-sector plans that employ end-use analysis and other techniques to identify cost-effective actions to minimize reliance on fossil fuels, (4) help to analyze fully environmental impacts (including impact on global warming), (5) improve efficiency in production, transmission, distribution, and use of energy, (6) assist in exploiting nonconventional renewable energy resources, including wind, solar, small-hydro, geo-thermal, and advanced biomass systems, (7) expand efforts to meet the energy needs of the rural poor, (8) encourage host countries to sponsor meetings with United States energy efficiency experts to discuss the use of least-cost planning techniques, (9) help to develop a cadre of United States experts capable of providing technical assistance to developing countries on energy issues, and (10) strengthen cooperation on energy issues with the Department of Energy, EPA, World Bank, and Development Assistance Committee of the OECD.

Training related to the energy sector should indirectly impact on (1) - (10).

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Not applicable.

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that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (4) being used to help overcome shorter-term constraints to long-term development, to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (5) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the renewable natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

v. International Development Act Sec. 711, FAA Sec. 463. If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (1) the world's oceans and atmosphere, (2) animal and plant species, and (3) parks and reserves; or describe how the exchange will promote: (4) natural resource management, (5) local conservation programs, (6) conservation training programs, (7) public commitment to conservation, (8) land and ecosystem management, and (9) regenerative approaches in farming, forestry, fishing, and watershed management.

Not applicable.

w. FY 1990 Appropriations Act Sec. 515. If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

Not applicable.

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2. Development Assistance Project Criteria (Loans Only)

Not applicable. The project will be grant-funded.

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

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 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?

c. FAA Sec. 122(b). Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

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?

b. FAA Sec. 531(b). Will this assistance be used for military or paramilitary purposes?

c. 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?

INITIAL ENVIRONMENTAL EXAMINATION OR CATEGORICAL EXCLUSION

Project Country: Mongolia
Project Title and Number: Support for Economic Transition
438-0001
Funding: FY 1991
Grant: \$2.0 million
IEE Prepared by: Dianne Blane
Project Development Officer
ARE/DR/PD

Environmental Action Recommended:

Positive Determination: _____
Negative Determination: _____
or
Categorical Exclusion: X

Project activities meet the criteria for Categorical Exclusion in accordance with 22 CFR Section 216.2(c)(2)(i).

Refer also to the attached justification.

Action Requested by: K.H. Sherpa Date: 3/27/91
Kenneth Sherpa
Director, APRE/DR

Concurrence: M Kux Date: 3.27.91
Molly Kux
APRE/Bureau Environmental Coordinator

A. PROJECT DESCRIPTION

The goal of the A.I.D. program in Mongolia is to support the development of free enterprise and democracy which will serve as an important model for Asia into the twenty-first century. To impact on this goal we plan to foster the development of Mongolian private and public institutions to sustain the growth of free enterprise and democracy.

The purpose of the project is to strengthen the capacity of key Mongolian decision-makers to plan for and implement the policy and regulatory reforms required in both the short and long term for Mongolia's transition to a market-based economy. The project will have four components:

(a) Technical Advisory Services (\$1,004,000)

Three types of services will be provided:

- the long-term services (up to nine months) of an economist who is specialized in the issues related to economic transformation and preferably with experience in Eastern Europe;
- the short-term services of advisors who would present in-country seminars and workshops on topics of importance in the transition; and
- the short-term services of other technical advisors who will work with Mongolian counterparts in the public and private sectors in formulating and implementing reforms in such areas as monetary policy, management, private enterprise development and computerization.

(b) Short-Term Technical Training in the U.S. and Third Countries (\$360,000)

Up to thirty-six Mongolians will come to the U.S. and/or third countries (e.g., Eastern European countries) on training programs and study tours to learn about the U.S. marketplace philosophy. Examples of subject matter areas include macroeconomic policies, civil codes, property law, cooperative management, and energy supply and pollution control.

(c) Long-Term Academic Training in the U.S. (\$289,000)

Four Mongolians will receive Master's Degree-level training at U.S. universities in such fields as market economics, management, agricultural economics, business and finance, and public administration.

(d) Administrative Support for Project Implementation
(\$347,000)

In-country support will include two types of costs: start-up costs and other (operating) costs. Start-up costs will include the services of an administrative specialist to procure commodities and handle all arrangements related to opening and operating a project office. Other costs will include the services of a locally hired full-time American professional, two full-time Mongolian professionals, and logistical support. Logistical support will include the procurement of two four-wheel drive vehicles, office furnishings and equipment; vehicle operation and maintenance; and the employment of a secretary, an interpreter-office worker and two drivers.

B. Identification and Evaluation of Environmental Impact

The impact of this project on the environment is likely to be slight in overall magnitude and essentially indirect. The components related to advisory services and short- and long-term training will have no direct impact on the environment. Procurement of vehicles, furnishings, equipment and supplies under the administrative support component will also have no direct impact on the environment. There will be no construction funded in the project.

C. Recommended Environmental Action

On the basis of the above discussion, a Negative Determination is recommended on the basis that the project meets the criteria as specified in 22 CFR, Section 216.2(c)(2)(i) for a categorical exclusion. Under this section, education, technical assistance or training programs to the extent that such programs do not include activities directly affecting the environment (such as construction of facilities, etc.) are not subject to the provisions of Section 216.3.