

PD-ABE-362

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

ISA 71324

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D.C. 20523

PROJECT AUTHORIZATION

MONGOLIA  
Energy Sector Project  
438-0003

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



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

**ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR ASIA**

*Frank Miller*  
**FROM: ASIA/DR, Frank Miller**

**SUBJECT: MONGOLIA Energy Sector Project (438-0003)**

**Action:** Your authorization of the Energy Sector Project for \$35 million Economic Support Fund (ESF) grant funds in Fiscal Years (FY) 1992-94, including planned FY 1992 obligations of \$12 million, and a planned project assistance completion date of September 30, 1997. This authorization includes waivers of full and open competition for two procurements and authorization of procurement from Code 935 source, origin and nationality for the first year of the project.

**Background:** Since the end of assistance and trade arrangements with the former Soviet Union, Mongolia has suffered declining living standards, production and exports. The energy sector has been cut off from capital plant and equipment, spare parts, fuels and electrical energy formerly imported from Soviet sources on a grant or subsidized trade basis. Dilapidated, inefficient Soviet plant and equipment for coal mining and transport and for steam generation came near collapse last winter. Loss of the steam production for district heating systems would require evacuation of many buildings during the severe winter (typical temperatures are minus thirty degrees Fahrenheit for several months). The steam plants also provide most electric power and substantial industrial process steam.

World Bank, Asian Development Bank and other donor energy assistance will not renovate existing plant or introduce more efficient technology for at least three years. Until this assistance is in place, emergency assistance is required to prevent worse deterioration of living conditions and economic activities due to the energy crisis. Last winter was relatively mild, and plant and equipment has deteriorated since then; therefore assistance must arrive in time to avoid collapse of systems next winter. The World Bank has asked A.I.D. to help meet this emergency need.

Proposed Project: The Energy Sector Project will provide the most urgently needed spare parts, materials and equipment; technical and advisory services; and training to maintain energy services for the next three years and to lay a groundwork for energy systems that recover costs of services and/or can be privatized. A project management component will provide for monitoring, evaluation and audit services. The attached implementation plan (Tab B) further describes the project.

Project implementation will be through a series of contracts which must be awarded on an emergency basis. Energy systems may collapse if our assistance is delayed for normal competitive procedures. We now seek your determination that full and open competition would impair achievement of foreign assistance objectives and be inconsistent with the fulfillment of the foreign assistance program. Your waiver of competition for two known procurements under this project is required because normal competition would delay the arrival of assistance which must be in place before the extreme winter season. We will seek the maximum informal competition practicable under the emergency circumstances for the larger of these contracts.

The initial components of the project include a single source contract with United Engineers and Constructors (UE&C), which has done a feasibility study of rehabilitation needs under a Trade and Development Program (TDP) grant and has identified the most critical needs to keep steam plants in operation next winter. Simultaneously, we will send a design team under a work order through an indefinite quantity contract (IQC) awarded competitively to Deleuw Cather. The work order will provide for advice on priorities for further emergency assistance and for design of a larger emergency assistance general contract scope of work, beyond the scope of the UE&C contract. We will seek limited informal competition for this general contract. We may also have to provide special contract assistance to meet unforeseen emergency situations on short notice, and may seek further ad hoc waivers of competition to meet those situations.

Spare parts and equipment needed for emergency repair and maintenance may have to be compatible with the mostly Soviet plant and equipment in the Mongolian system. Also, urgency may require procurements in nearby countries including the former Soviet Union. Accordingly, we cannot follow normal source and origin rules for financing commodities, and we seek your authorization of these emergency procurements from A.I.D. Geographic Code 935 as necessary to achieve project purposes at least during the first year of the project.

We will attempt to finance commodities in order of preference: first, from A.I.D. Geographic Code 000 (the U.S.); then, Code 941 (developing countries), then Code 935 ("Free World"). Code 935 now includes the former Soviet Union and Eastern Europe but does not include China. Some project-funded travel and transportation through China is necessary to bring in people and commodities from the U.S. and Asia; and some minor purchases in Mongolia of Chinese goods (shelf items) is inevitable. We are seeking State Department concurrence in financing these Chinese goods and services incidental to providing project assistance; however, the project will not finance commodities from China.

Normal project oversight will not be possible due to the emergency situation, inexperience of the host government in managing A.I.D. assistance, and the limited A.I.D. presence in Mongolia. At the request of the AID Representative, the project will fund a Mongolian PSC engineer to help monitor project progress. However, we expect most initial project management to be the responsibility of ASIA/DR with the assistance of PRE/CAP Engineering. We will require A.I.D. Rep or Bureau OE funds for direct hire travel to assist project planning and monitoring. We will use the IQC delivery order for initial monitoring of the work of other contractors, including advice on the soundness of proposed commodity procurements. Audit and evaluation services will also be provided by contract.

In November 1992 we will review the status of project implementation on the basis of the report of the IQC monitoring contractor (Deleuw Cather). On the basis of this review, we will determine the best project management arrangements for the rest of the project. If its staffing allows, we will shift project management to the Regional Mission in Bangkok.

Limited project funds (\$200,000) have been obligated by contracts to allow design work to start. Upon your authorization, we will ask the A.I.D. Rep to negotiate a standard project agreement for the remainder of the project. Also, a Circular 175 action to approve an A.I.D. Bilateral Agreement with Mongolia is now in clearance.

Environmental Concerns: The attached Initial Environmental Examination (Tab C) notes that initial assistance is unlikely to have any significant effect on the environment (it is mostly commodities to continue operations of present plant), but that there may be environmental effects of continuing technical assistance for such areas as power plant and mine operations. These effects should be beneficial compared with the present situation, but there should be an Environmental Assessment to establish those effects. We will not know what those effects will be until design of the technical assistance is completed under the general contract.

Therefore, the IEE provides for a negative determination for the initial two contracts and requires an EA under the general contract.

Congressional Status: A Congressional Notification for this project expired June 30 without objection.

Authority: Authority to authorize projects has not been redelegated to A.I.D. Representatives. Under A.I.D. Delegation of Authority 400 dated August 16, 1991, and Interim Redelegation dated September 5, 1991, you may authorize projects without limitation.

AIDAR 706.302-70 b.(3)(i) authorizes regional assistant administrators to approve specific procurements under less than full and open competition when they determine that such competition would impair achievement of foreign assistance objectives and would be inconsistent with fulfillment of the foreign assistance program.

Recommendations: That, by signing below and on the attached project authorization (Tab A):

1. You authorize the Energy Sector Project for Mongolia for \$35 million life of project ESF grant funding, including \$12 million of FY 1992 funding;
2. You authorize procurements specified above without full and open competition and thereby determine that full and open competition would impair the achievement of foreign assistance objectives and would be inconsistent with the fulfillment of the foreign assistance program; and
3. You approve financing procurement of commodities and services from Code 935 source and origin or nationality for the first project year, in the estimated amount and for items set forth in the attached Code 935 commodity list (Tab E). The purchase of chinese goods and services incidental to the project will not be made without the concurrence of the State Department in accordance with Section 604 (a) of the Foreign Assistance Act.

Approved

James A. Lander

Disapproved

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Date

July 20 1992

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Attachments:

- A. proposed authorization
- B. implementation plan
- C. initial environmental examination
- D. statutory check list
- E. Code 935 commodity list

Clearances:

DAA/ASIA:GLaudato \_\_\_\_\_  
ASIA/EA:LMorse *PC* \_\_\_\_\_  
ASIA/FPM:PDavis *1/15/92* \_\_\_\_\_  
GC/ASIA:GBisson *7/14/92* \_\_\_\_\_  
GC/CCM:KFries \_\_\_\_\_ (draft-14 Jul 92)  
FA/OP/B:JJohnson \_\_\_\_\_ (draft-25 Jun 92)  
FA/PPE:JMurphy \_\_\_\_\_ (draft-15 Jul 92)  
PRE/CAP:EPeterson \_\_\_\_\_ (draft-10 Jul 92)  
ASIA/DR/TR:MKux \_\_\_\_\_ (draft-14 Jul 92)  
ASIA/DR/TR:HSteingass *HS 14 Jul 92* \_\_\_\_\_

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Attachment A

PROJECT AUTHORIZATION

Republic of Mongolia

Mongolia Energy Sector Project  
No. 438-0003

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended ("the FAA"), I hereby authorize the Energy Sector Project (the "Project") for the Republic of Mongolia (the "Cooperating Country"), involving planned obligations of not to exceed Thirty Five Million United States Dollars (\$35,000,000) in grant funds (the "Grant") over a three year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/Allotment process, to help in financing foreign exchange and local currency costs -as set forth in paragraph 3.a. below- for the Project. The estimated Project Assistance Completion Date for this Project is September 30, 1997.

2. The Project will provide the most urgently needed spare parts, materials and equipment; technical and advisory services; and training to maintain energy services in the Cooperating Country for the next three years and will lay a groundwork for energy systems that recover costs of services and/or can be privatized. A project management component will provide for monitoring, evaluation and audit services.

3. The Project Agreement which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following essential terms and conditions together with such other terms and conditions as A.I.D. may deem appropriate.

a. Source and Origin of Commodities, Nationality of Services

(1) Except for ocean shipping or as otherwise provided below with respect to local cost financing, goods and services financed by A.I.D. under the Project shall have their source and origin in the United States, with respect to goods, and their place of nationality in the United States, with respect to suppliers of goods or services, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

(2) All locally financed procurements must be covered by source, origin and/ or nationality waivers as set forth in Handbook 1B, Chapter 5, with the following exceptions:

(A) Locally available commodities of U.S. origin, which are otherwise eligible for financing, if the value of the transaction is estimated not to exceed the local currency equivalent of \$100,000 (exclusive of transportation costs.)

(B) Commodities of Geographic Code 935 origin if the value of the transaction does not exceed \$5,000.

(C) Professional services contracts estimated not to exceed \$250,000.

(D) Construction services contracts estimated not to exceed \$5,000,000.

(E) The following commodities and services which are available only locally:

(i) Utilities, including fuel for heating and cooking, waste disposal and trash collection;

(ii) Communications --telephone, telex, fax, postal and courier services;

(iii) Rental costs for housing and office space;

(iv) Petroleum, oils and lubricants for operating vehicles or equipment;

(v) Newspapers, periodicals and books published in the Cooperating Country; and

(vi) Other commodities and services (and related expenses) that, by their nature and as a practical matter, can only be acquired, performed, or incurred in the Cooperating Country, e.g. vehicle maintenance, hotel accommodations, etc.

b. Waivers.

(1) For the reasons set forth in the Action Memorandum, I hereby authorize the procurements specified therein to be undertaken without full and open competition, and I determine that full and open competition for such identified procurements would impair the achievement of foreign assistance objectives and would be inconsistent with the fulfillment of the foreign assistance program; and

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(2) For the first project year, I hereby authorize financing the procurement of those commodities and services from A.I.D. Geographic Code 935 sources which are identified by item and estimated amount in Attachment E to the Action Memorandum, and I certify that exclusion of procurement from Free World countries other than the Cooperating Country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program.

Approved Paul Lumb. L.

Disapproved \_\_\_\_\_

Date July 20 1992

*GB*

Drafted: GC/ASIA: GBISSON: 8 Jul 92: x7-6381

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IMPLEMENTATION PLAN

Mongolia Energy Sector Project  
438-0003

Proposed funding: LOP \$35 million ESF grant  
FY 1992 \$12 million

Project assistance completion date: September 30, 1997

**Purpose:** The project provides emergency assistance to enable essential energy systems to operate for the next three years or until interim and permanent rehabilitation measures assisted by other donors are effective.

**The Situation:** Mongolia's energy sector no longer receives capital plant and equipment, spare parts, fuels and electrical energy formerly imported from Soviet sources on a grant or subsidized trade basis. Energy services have declined in the past year. This has already caused declining living standards, lost economic production and reduced exports.

The systems providing heat to buildings, electric power and process steam for industry in the major cities came near collapse last winter. Loss of steam generation for district heating would require evacuation of many buildings in the severe winter. The steam plants also provide most electric power and substantial industrial process steam.

Immediate steps are required. Some needs of the power plants are well enough known for assistance to begin before the full picture of sector needs and priorities is established. The priorities for the rest of the sector (coal mining, fuels transportation and handling, and energy conservation) must be established quickly. Also, a capability to deal with emergencies over the next three winters must be put in place as soon as priorities are set. Finally, these measures must be coordinated with other donors' activities and must lay a groundwork for energy systems that recover costs and/or can be privatized.

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Project Components: The project is divided in four components:

- COMPONENT ONE -- Emergency Heat and Power: Drawing on previous work under a Trade and Development Program (TDP) grant, **United Engineers and Constructors (UE&C)** will be given a single source non-competitive contract to provide the spare parts, materials and equipment needed to keep steam plants operating in the major cities next winter.

This work will start immediately (early July) and continue until at least November 1992, with provision for UE&C to assist in meeting emergencies through June 1993. UE&C will work with Mongolian counterparts in the steam plants to determine needs for commodities and technical assistance in installation, operation and maintenance; to procure and expedite delivery of commodities; and to provide the needed technical assistance. UE&C may also provide other commodities identified under the next component as required on an immediate basis.

Commodity lists proposed by UE&C for procurement under the project will be examined by the contractor under Component Two and by PRE/CAP Engineering before PRE/CAP Engineering approves them for A.I.D. financing.

The regional contracting officer in Bangkok is expected to negotiate and execute this contract. The Assistant Administrator's waiver of full and open competition under AIDAR 706-302-70 b.(3)(i) is required for this single source award. Initial design work by UE&C may be funded under the ASIA Program Development and Support (PD&S) activity (399-0000) before the project is authorized.

- COMPONENT TWO -- Emergency Energy Sector Evaluation: A delivery order under an indefinite quantity contract (IQC) with **Deleuw Cather** will provide for evaluation of needs of the energy sector beyond those covered by the UE&C contract (i.e., coal mining, fuels transport and handling, and energy conservation), prioritization and preliminary design of these needs, appraisal of the proposed commodity procurements by UE&C, drafting of a scope of work (SOW) for a general contract for implementation of the project over the next three years, and monitoring of the work of other contractors.

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This delivery order is to be negotiated and executed by FA/OP/B in AID/W. This contract may be funded under the ASIA Program Development and Support (PD&S) activity (399-0000) before the project is authorized. The delivery order will specify that the IQC contractor will not be eligible to perform the general contract.

- COMPONENT THREE -- General Contract: A single responsibility **general contractor** will do detailed design and implementation of all other assistance to maintain operations of essential energy systems for the next three years or until other assistance rehabilitates existing plant and introduces more efficient technologies.

The general contractor will also carry out an Environmental Assessment in the course of detailed design, possibly through an independent subcontractor.

Commodities proposed by the general contractor for procurement under the contract will be reviewed initially by a process similar to that for the UE&C contract; however, different procedures for A.I.D. approval of commodity procurements may be instituted after the first round of commodity procurements.

The general contract will be awarded on a limited competition basis. We will seek expressions of interest and prequalifications immediately. Interested firms will be advised of the outline of the project in this paper. A short list of the three most qualified firms will be selected by a panel of PRE/CAP Engineers and ASIA/DR before the scope of work for the general contract is prepared. When the SOW is approved, the three short-listed firms will be given 15 days to submit proposals for meeting the SOW. The three proposals will be ranked by a panel of PRE/CAP Engineering and ASIA/DR, and the contract will be negotiated with the first ranked firm.

This contract will be negotiated and executed by F&A/OP/B. The Assistant Administrator's waiver of full and open competition under AIDAR 706-302-70 b.(3)(i) is required for this award.

- COMPONENT FOUR -- Project Management: Initial project management will be the responsibility of ASIA/DR with the assistance of PRE/CAP Engineers. We will shift project responsibilities to the regional mission in Bangkok as soon as its staffing allows. The IQC will be used initially for monitoring other contractors' performance. The project will fund contract services for monitoring, evaluation and audit as required after the initial period. The project will also fund a Mongolian personal services contractor (PSC) engineer to assist the A.I.D. Representative in project activities.

We will review project progress in November 1992 with the assistance of the Deleuw Cather team that will have assessed contractor performance in Mongolia in October. This review will determine the most appropriate project management arrangements for the remainder of the project.

Method of Payment: Contractors under the project will be paid by the direct reimbursement method.

Source, Origin and Nationality: Because this is emergency assistance to keep largely Soviet plant and equipment operating, and because of time constraints, we may require procurements from nearby countries including the former Soviet Union. Accordingly, we cannot follow normal source and origin rules and will seek the Assistant Administrator's authorization of procurements from A.I.D. Geographic Code 935 (most of the world). This allows procurement from the former Soviet Union and Eastern Europe.

Code 935 does not include China, but some incidental purchases in Mongolia of Chinese origin goods are inevitable. Also, transport and transportation services through China will be required to bring persons and goods from the U.S. and Asia into Mongolia. We will seek the concurrence of the Department of State in financing these Chinese goods and services. We will not finance procurements of commodities in China for the project.

When Code 935 eligibility will apply, we will direct contractors to procure commodities, consistent with time considerations, in order of preference: first, from Code 000; then, from Code 941; and, finally, from Code 935 source and origin.

No services of other than U.S. and Mongolian nationality have yet been identified. However, it is possible that former Soviet or Eastern European services will be required to deal with emergencies involving Soviet equipment.

Budget: Total project costs are estimated at \$35 million in Economic Support Fund (ESF) grant funds in FY 1992-94 of which \$12 million are planned in FY 1992. Attached is an estimate of costs by component and year (not releasable outside A.I.D.).

attachment: cost estimates

ASIA/DR/PD/EA:JRNussbaum:30 Jun 92  
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INITIAL ENVIRONMENTAL EXAMINATION

- (A) PROJECT COUNTRY: Mongolia
- (B) ACTIVITY: Energy Sector Project
- (C) A.I.D. FUNDING: \$35 million
- (D) PERIOD OF FUNDING: FY 1992 - FY 1994
- (E) STATEMENT PREPARED BY: Jay R. Nussbaum  
Jay R. Nussbaum, ASIA/DR/PD/EA
- (F) ENVIRONMENTAL ACTION RECOMMENDED: Negative Determination for initial phase.  
Environmental Assessment (EA) for subsequent phase.
- (G) ENVIRONMENTAL OFFICER CLEARANCE: N/A
- (H) ASIA/DR DIRECTOR'S DECISION: APPROVED: Ryker's Forks  
DISAPPROVED \_\_\_\_\_  
DATE 7-13-92
- (I) DECISION OF ASIA BUREAU'S ENVIRONMENTAL COORDINATOR: APPROVED M. K. A.  
DISAPPROVED \_\_\_\_\_  
DATE 7-14-92

EXAMINATION OF THE NATURE, SCOPE AND MAGNITUDE OF THE ENVIRONMENTAL IMPACT

A. Description of the Project:

The proposed project will provide approximately \$35 million of emergency assistance to the Mongolian energy sector to keep essential services operating for three years or until interim and long term measures enable it to function without this assistance.

The end of grant assistance and subsidized trade relationships with the former Soviet Union cut off former sources of plant and equipment, spare parts, fuels, and electrical energy. Dilapidated, inefficient Soviet plant and equipment for coal mining and transport and for steam generation came near collapse last winter. Loss of steam production for district heating systems would require evacuation of many buildings during the severe winter (typical temperatures are minus thirty degrees Fahrenheit for several months).

Because it is necessary to act quickly to get needed spare parts, materials and equipment into place before the next winter, initial assistance will procure them on an expedited basis, mostly for the steam generating plants. During this initial phase, no significant changes in the operations of the plants are expected other than that some may continue operating that might cease operations without this emergency provision of parts, etc. No significant environmental impacts are expected from this initial assistance.

At the same time these commodities are being ordered, wider measures to keep energy systems operating for the next three years will be prepared. A design contractor will set priorities for this assistance and prepare a preliminary design of the assistance; a single responsibility general contractor will design the details of this assistance and implement it.

This subsequent project phase may include commodity and technical assistance for the coal mines and the transportation system, further assistance for the steam generating plants, and assistance for energy conservation. Some of this assistance may involve changing methods of operations of mines, transport systems, the steam plants, and major consumers of energy. These changes should have beneficial environmental impacts, but these impacts cannot be assessed until these activities are further defined.

B. Recommended Environmental Action:

A negative determination is proposed for the initial phase of the project (provision of commodities to keep steam plants operating as before).

It is proposed that the contractor designing the general contract for assistance after the initial phase prepare the scope for an Environmental Assessment of the impacts of assistance for changes in the operating procedures of coal mines, transportation systems, the steam generating plants, and/or major energy consumers to be assisted. This scoping will consider whether an independent subcontractor should prepare the Environmental Assessment.

The general contractor will carry out the Environmental Assessment as part of the final design of assistance to change the operating procedures of energy systems to be assisted.

The scope for the Environmental Assessment and the Environmental Assessment itself will be submitted for the approval of the Asia Bureau Environmental Coordinator.

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Mongolia Energy Sector Project (438-0003)

**SC(1) - COUNTRY CHECKLIST**

Listed below are statutory criteria applicable to the eligibility of countries to receive the following categories of assistance: (A) both Development Assistance and Economic Support Funds; (B) Development Assistance funds only; or (C) Economic Support Funds only.

**A. COUNTRY ELIGIBILITY CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUND ASSISTANCE**

**1. Narcotics**

a. **Negative certification (FY 1991 Appropriations Act Sec. 559(b)):** Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully?

N/A

b. **Positive certification (FAA Sec. 481(h)).** (This provision applies to assistance of any kind provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief, narcotics education and awareness, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct

N/A

source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government):

(1) does the country have in place a bilateral narcotics agreement with the United States, or a multilateral narcotics agreement?

(2) has the President in the March 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without Congressional enactment, within 45 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to satisfy the goals agreed to in a bilateral narcotics agreement with the United States or in a multilateral agreement, to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, to prevent and punish drug profit laundering in the country, and to prevent and punish bribery and other forms of public corruption which facilitate production or shipment of illicit drugs or discourage prosecution of such acts, or that (b) the vital national interests of the United States require the provision of such assistance?

c. Government Policy (1986 Anti-Drug Abuse Act of 1986 Sec. 2013(b)). (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481(h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec 481(h)), has the President submitted a report to Congress

N/A

listing such country as one: (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful activities of U.S. drug enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country?

2. **Indebtedness to U.S. citizens** (FAA Sec. 620(c): If assistance is to a government, is the government indebted to any U.S. citizen for goods or services furnished or ordered where: (a) such citizen has exhausted available legal remedies, (b) the debt is not denied or contested by such government, or (c) the indebtedness arises under an unconditional guaranty of payment given by such government or controlled entity?

No.

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

No.

4. **Communist countries** (FAA Secs. 620(a), 620(f), 620D; FY 1991 Appropriations Act Secs. 512, 545): Is recipient country a Communist country? If so, has the President: (a) determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by

Yes.

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the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism, or (b) removed a country from applicable restrictions on assistance to communist countries upon a determination and report to Congress that such action is important to the national interest of the United States? Will assistance be provided either directly or indirectly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, Iran or Syria? Will assistance be provided to Afghanistan without a certification, or will assistance be provided inside Afghanistan through the Soviet-controlled government of Afghanistan?

(b) Yes. The Secretary of State so determined on August 3, 1990, which was transmitted to the Congress on September 5, 1990.

No.

N/A

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

No.

6. OPIC Investment Guaranty (FAA Sec. 620(l)): Has the country failed to enter into an investment guaranty agreement with OPIC?

Mongolia has not declined to enter into an OPIC Agreement.

7. Seizure of U.S. Fishing Vessels (FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5): (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made?

No.

8. Loan Default (FAA Sec. 620(q); FY 1991 Appropriations Act Sec. 518 (Brooke Amendment)): (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1990 Appropriations Act appropriates funds?

(a) No.

(b) No.

9. **Military Equipment (FAA Sec. 620(s)):** If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

Mongolia is not one of the 20 countries subject to this provision.

10. **Diplomatic Relations with U.S. (FAA Sec. 620(t)):** Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?

N/A

11. **U.N. Obligations (FAA Sec. 620(u)):** What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the "Taking into Consideration" memo.)

Mongolia is not in arrears.

12. **International Terrorism**

a. **Sanctuary and support (FY 1991 Appropriations Act Sec. 556; FAA Sec. 620A):** Has the country been determined by the President to: (a) grant sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or (b) otherwise support international terrorism, unless the President has waived this restriction on grounds of national security or for humanitarian reasons?

N/A

b. Airport Security (ISDCA of 1985 Sec. 552(b)). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures?

No.

13. Discrimination (FAA Sec. 666(b)): Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?

No.

14. Nuclear Technology (FAA Secs. 669, 670): Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)

No.

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

Mongolia was not a NAM member at that time.

16. **Military Coup (FY 1991 Appropriations Act Sec. 513):** Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance?

N/A

17. **Refugee Cooperation (FY 1991 Appropriations Act Sec. 539):** Does the recipient country fully cooperate with the international refugee assistance organizations, the United States, and other governments in facilitating lasting solutions to refugee situations, including resettlement without respect to race, sex, religion, or national origin?

Yes.

18. **Exploitation of Children (FY 1991 Appropriations Act Sec. 599D, amending FAA Sec. 116):** Does the recipient government fail to take appropriate and adequate measures, within its means, to protect children from exploitation, abuse or forced conscription into military or paramilitary services?

No.

B. **COUNTRY ELIGIBILITY CRITERIA APPLICABLE ONLY TO DEVELOPMENT ASSISTANCE ("DA")**

1. **Human Rights Violations (FAA Sec. 116):** Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

N/A

2. **Abortions (FY 1991 Appropriations Act Sec. 535):** Has the President certified that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performance of abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary

N/A

sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, 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?

C. COUNTRY ELIGIBILITY CRITERIA APPLICABLE ONLY TO ECONOMIC SUPPORT FUNDS ("ESF")

Human Rights Violations (FAA Sec. 502B): Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest?

No.

## 5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE? Yes. See Above.

### A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

**1. Host Country Development Efforts**  
(FAA Sec. 601(a)): Information and conclusions on whether assistance 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.

(a) (b) (d) and (e) Yes.

(c) and (f) N/A

Project will provide urgently needed spare parts, equipment, technical & advisory services, and training to maintain energy services for the next three years, and will lay the groundwork for energy systems that recover the costs of services ar /or can be privatized.

**2. U.S. Private Trade and Investment**  
(FAA Sec. 601(b)): Information and conclusions on how assistance 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).

To the maximum extent feasible U.S. private industry will participate in Project activities.

**3. Congressional Notification**

**a. General requirement (FY 1991 Appropriations Act Secs. 523 and 591; 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 (unless the notification requirement has been waived because of substantial risk to human health or welfare)?

A CN for this activity expired on June 30, 1992, without Congressional objection.

**b. Notice of new account obligation (FY 1991 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?

N/A

**c. Cash transfers and nonproject sector assistance (FY 1991 Appropriations Act Sec. 575(b)(3)):** If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

N/A

**4. Engineering and Financial Plans (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?

Yes.

**5. Legislative Action (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

No legislative action is required within Mongolia

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will be completed in time to permit orderly accomplishment of the purpose of the assistance?

6. **Water Resources** (FAA Sec. 611(b); FY 1991 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.)

N/A

7. **Cash Transfer and Sector Assistance** (FY 1991 Appropriations Act Sec. 575(b)): Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

N/A

8. **Capital Assistance** (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?

N/A

9. **Multiple Country Objectives** (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.

N/A

10. **U.S. Private Trade** (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).

Services from U.S. Private industry will be financed to the maximum extent practicable.

11. **Local Currencies**

a. **Recipient Contributions** (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 Government of Mongolia will contribute local currency to meet many incountry costs associated with the assistance provided herein.

b. **U.S.-Owned Currency** (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?

No.

c. **Separate Account** (FY 1991 Appropriations Act Sec. 575). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

N/A.

(1) Has A.I.D. (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 A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

(2) 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? N/A

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes? N/A

(4) 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? N/A

## 12. Trade Restrictions

a. Surplus Commodities (FY 1991 Appropriations Act Sec. 521(a)): 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

b. Textiles (Lautenberg Amendment) (FY 1991 Appropriations Act Sec. 521(c)): 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 N/A

textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

13. **Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3)):** Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

N/A

14. **PVO Assistance**

a. **Auditing and registration (FY 1991 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 A.I.D., and is the PVO registered with A.I.D.?

Any such requirement will be complied with.

b. **Funding sources (FY 1991 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"):** 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?

Any such requirement will be complied with.

15. **Project Agreement Documentation (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 A.I.D. 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).

This will be complied with.

16. **Metric System** (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. 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 A.I.D. 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?

To the maximum extent feasible metric measurements will be included in procurements and other implementation agreements.

17. **Women in Development** (FY 1991 Appropriations Act, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

No specific project activities are directed at women-owned businesses. Efforts will be made to ensure that later activities be widely publicized so that interested women-owned firms may participate.

18. **Regional and Multilateral Assistance** (FAA Sec. 209): Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

N/A

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19. **Abortions** (FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 525): N/A

a. Will assistance 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?

b. Will any funds be used to lobby for abortion?

20. **Cooperatives** (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life?

21. **U.S.-Owned Foreign Currencies**

a. **Use of currencies** (FAA Secs. 612(b), 636(h); FY 1991 Appropriations Act Secs. 507, 509): Describe steps taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.

The U.S. owns no excess Mongolian currency.

b. **Release of currencies** (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?

No.

22. **Procurement**

a. **Small business** (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.

b. **U.S. procurement** (FAA Sec. 604(a)): Will all procurement be from the U.S. except as otherwise determined by the President or determined under delegation from him? Yes.

**c. Marine insurance (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?

Mongolia does not so discriminate.

**d. Non-U.S. agricultural procurement (FAA Sec. 604(e)):** 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

**e. Construction or engineering services (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 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.)

N/A

**f. Cargo preference shipping (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 on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

No.

**g. Technical assistance (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

Yes.

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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?

**h. U.S. air carriers**  
(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.

**i. Termination for convenience of U.S. Government** (FY 1991 Appropriations Act 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?

Any such AID contract will so provide.

**j. Consulting services**  
(FY 1991 Appropriations Act 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.

**k. Metric conversion**  
(Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program 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 A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest

These requirements will be complied with.

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documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

1. **Competitive Selection Procedures (FAA Sec. 601(e)):** Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.
23. **Construction**
- a. **Capital project (FAA Sec. 601(d)):** If capital (e.g., construction) project, will U.S. engineering and professional services be used? N/A
- b. **Construction contract (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
- c. **Large projects, Congressional approval (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 Congressional Presentation), or does assistance have the express approval of Congress? N/A
24. **U.S. Audit Rights (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
25. **Communist Assistance (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.

**26. Narcotics**

a. **Cash reimbursements (FAA Sec. 483):** Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? Yes.

b. **Assistance to narcotics traffickers (FAA Sec. 487):** Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance? Yes.

27. **Expropriation and Land Reform (FAA Sec. 620(g)):** Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? N/A

28. **Police and Prisons (FAA Sec. 660):** Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes.

29. **CIA Activities (FAA Sec. 662):** Will assistance preclude use of financing for CIA activities? Yes.

30. **Motor Vehicles (FAA Sec. 636(i)):** Will assistance preclude use of financing 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.

31. **Military Personnel (FY 1991 Appropriations Act Sec. 503):** Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? Yes.
32. **Payment of U.N. Assessments (FY 1991 Appropriations Act Sec. 505):** Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues? Yes.
33. **Multilateral Organization Lending (FY 1991 Appropriations Act Sec. 506):** Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? Yes.
34. **Export of Nuclear Resources (FY 1991 Appropriations Act Sec. 510):** Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology? Yes.
35. **Repression of Population (FY 1991 Appropriations Act Sec. 511):** Will assistance preclude use of financing 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.
36. **Publicity or Propoganda (FY 1991 Appropriations Act Sec. 516):** Will assistance be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propoganda purposes not authorized by Congress? No.

37. **Marine Insurance (FY 1991 Appropriations Act Sec. 563):** Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate?

Yes.

38. **Exchange for Prohibited Act (FY 1991 Appropriations Act Sec. 569):** Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law?

No.

B. **CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY**

N/A

1. **Agricultural Exports (Bumpers Amendment) (FY 1991 Appropriations Act Sec. 521(b), 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?

N/A

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2. **Tied Aid Credits** (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits? N/A

3. **Appropriate Technology** (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)? N/A

4. **Indigenous Needs and Resources** (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. N/A

5. **Economic Development** (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? N/A

6. **Special Development Emphases** (FAA Secs. 102(b), 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 insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) 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 N/A

and the improvement of women's status; and  
(e) utilize and encourage regional  
cooperation by developing countries.

7. **Recipient Country Contribution**  
(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)?

N/A: ESF-funded.

8. **Benefit to Poor Majority** (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?

N/A

9. **Abortions** (FAA Sec. 104(f); FY  
1991 Appropriations Act, Title II, under  
heading "Population, DA," and Sec. 535):

N/A

a. 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?

N/A

b. 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?

N/A

c. 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?

N/A

- d. 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? N/A
- e. 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? N/A
- f. 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? N/A
- g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization? N/A
10. **Contract Awards (FAA Sec. 601(e)):** Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? N/A
11. **Disadvantaged Enterprises (FY 1991 Appropriations Act Sec. 567):** 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)? N/A

12. **Biological Diversity** (FAA Sec. 119(g)): 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

13. **Tropical Forests** (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c)-(e) & (g)):

N/A

a. **A.I.D. Regulation 16**: Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?

b. **Conservation**: 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

N/A

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 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; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

C. Forest degradation: 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; (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; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded

N/A

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forest lands; (5) the colonization of forest lands; or (6) 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?

d. Sustainable forestry: 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?

N/A

e. Environmental impact statements: Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

N/A

14. Energy (FY 1991 Appropriations Act Sec. 533(c)): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

N/A

15. Sub-Saharan Africa Assistance (FY 1991 Appropriations Act Sec. 562, adding a new FAA chapter 10 (FAA Sec. 496)): If assistance will come from the Sub-Saharan Africa DA account, is it: (a) 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; (b) to be used to promote sustained economic growth, encourage

N/A

private sector development, promote individual initiatives, and help to reduce the role of central governments in areas more appropriate for the private sector; (c) to be provided in a manner that takes into account, during the planning process, the local-level perspectives of the rural and urban poor, including women, through close consultation with African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (d) to be implemented in a manner that requires local people, including women, to be closely consulted and involved, if the assistance has a local focus; (e) being used primarily to promote reform of critical sectoral economic policies, or to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities; and (f) to be provided in a manner that, if policy reforms are to be effected, contains provisions to protect vulnerable groups and the environment from possible negative consequences of the reforms?

16. Debt-for-Nature Exchange (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

N/A

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17. **Deobligation/Reobligation**  
(FY 1991 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?

N/A

18. **Loans**

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

N/A

b. **Long-range plans** (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?

N/A

c. **Interest rate** (FAA Sec. 122(b)): If development loan is 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?

N/A

d. **Exports to United States** (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?

N/A

19. **Development Objectives** (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from

N/A

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cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) 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; (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?

20. Agriculture, Rural Development and Nutrition, and Agricultural Research (FAA Secs. 103 and 103A):

N/A

a. Rural poor and small farmers: If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

N/A

b. Nutrition: Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people.

N/A

**C. Food security:** Describe extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

N/A

**21. Population and Health (FAA Secs. 104(b) and (c)):** If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

N/A

**22. Education and Human Resources Development (FAA Sec. 105):** If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

N/A

**23. Energy, Private Voluntary Organizations, and Selected Development Activities (FAA Sec. 106):** If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

N/A

- a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment; N/A
- b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations; N/A
- c. research into, and evaluation of, economic development processes and techniques; N/A
- d. reconstruction after natural or manmade disaster and programs of disaster preparedness; N/A
- e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance; N/A
- f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development. N/A

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C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY

1. **Economic and Political Stability (FAA Sec. 531(a)):** Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA? Yes.
2. **Military Purposes (FAA Sec. 531(e)):** Will this assistance be used for military or paramilitary purposes? Yes.
3. **Commodity Grants/Separate Accounts (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? (For FY 1991, this provision is superseded by the separate account requirements of FY 1991 Appropriations Act Sec. 575(a), see Sec. 575(a)(5).) N/A
4. **Generation and Use of Local Currencies (FAA Sec. 531(d)):** Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1991, this provision is superseded by the separate account requirements of FY 1991 Appropriations Act Sec. 575(a), see Sec. 575(a)(5).) N/A
5. **Cash Transfer Requirements (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 575(b)).** If assistance is in the form of a cash transfer:
  - a. **Separate account:** Are all such cash payments to be maintained by the country in a separate account and not to be commingled with any other funds? N/A

b. **Local currencies:** Will all local currencies that may be generated with funds provided as a cash transfer to such a country also be deposited in a special account, and has A.I.D. entered into an agreement with that government setting forth the amount of the local currencies to be generated, the terms and conditions under which they are to be used, and the responsibilities of A.I.D. and that government to monitor and account for deposits and disbursements?

N/A

c. **U.S. Government use of local currencies:** Will all such local currencies also be used in accordance with FAA Section 609, which requires such local currencies to be made available to the U.S. government as the U.S. determines necessary for the requirements of the U.S. Government, and which requires the remainder to be used for programs agreed to by the U.S. Government to carry out the purposes for which new funds authorized by the FAA would themselves be available?

N/A

d. **Congressional notice:** Has Congress received prior notification providing in detail how the funds will be used, including the U.S. interests that will be served by the assistance, and, as appropriate, the economic policy reforms that will be promoted by the cash transfer assistance?

N/A

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Code 935 Commodity List

Mongolia Energy Sector Project  
438-0003

To achieve project objectives, it will be necessary to finance commodities that are compatible with existing Mongolian power plants, district heating systems, transportation systems and coal mines designed and supplied by the former Soviet Union and Eastern European countries.

It will also be necessary to obtain some commodities on an urgent basis from nearby countries to assure delivery before next winter.

Commodities required from A.I.D. Geographic Code 935 source/origin for these reasons include:

Spare parts, controls, instruments, equipment, tools, replacement materials and accessories for:

Steam generating plants

District heating systems

Electrical generation, transmission and distribution systems

Fuels transportation and handling systems

Coal mines

Estimated costs of these commodities are \$5 million.

Expected source and origin are:

Germany  
Russia  
Byelorussia  
Ukraine  
Czechoslovakia  
Rumania  
Bulgaria  
Hungary  
Japan

ASIA/DR/PD/EA:JRNussbaum:9 July 92  
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