

ISA 79307

**Agency for International Development
Bureau for Asia**

United States - Asia Environmental Partnership Project

Project Paper Substitute

**Authorized LOP: \$100,000,000
Project Number: 499-0015**

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

DOCUMENT CODE

3

COUNTRY/ENTITY: Asia Regional

3. PROJECT NUMBER: 499-0015

4. BUREAU/OFFICE: ASIA/DR [03]

5. PROJECT TITLE (maximum 40 characters): US Asia Environmental Partnership

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM DD YY | 11 | 31 | 99 |

7. ESTIMATED DATE OF OBLIGATION (Under "B:" below, enter 1, 2, 3, or 4)
 A. Initial FY: 92 | B. Quarter: 3 | C. Final FY: 96

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

A. FUNDING SOURCE	FIRST FY 92			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AD Appropriated Total	15,000		15,000	100,000		100,000
(Grant)	(15,000)	()	(15,000)	(100,000)	()	(100,000)
(Loan)	()	()	()	()	()	()
Other U.S. 1.						
Other U.S. 2.						
Host Country						
Other Donor(s)						
TOTALS	15,000		15,000	100,000		100,000

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) ARDN						9,200		14,200	
(2) EHR						1,700		35,700	
(3) HE						2,600		18,600	
(4) PSEE						1,500		31,500	
TOTALS						15,000		100,000	

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

11. SECONDARY PURPOSE CODE

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

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters).

to assist Asian countries to restore, protect and preserve their fragile and rapidly deteriorating environmental systems through mobilization of U.S. private and public sector expertise and technology.

14. SCHEDULED EVALUATIONS

Interim MM YY | 01 | 9 | 4 | MM YY | 01 | 96 | Final MM YY | 11 | 9 | 9

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify)

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

I have reviewed and concur with the proposed financial plan and auditing provisions.

George Zegarac
 George Zegarac, Controller
 ASIA/FPM

17. APPROVED BY

Signature: *George Laudato*
 Title: George Laudato
 BAA/ASIA
 Date Signed: MM DD YY | 05 | 25 | 92

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY | | | | |

Agency for International Development
Washington, D.C. 20523

ACTION MEMORANDUM FOR THE DEPUTY ASSISTANT ADMINISTRATOR FOR ASIA

From : Phyllis Forbes, ASIA/DR *Phyllis Forbes*
Subject : U.S.- Asia Environmental Partnership (499-0015); Project Authorization

I. **Problem:** Your approval is required to authorize the U.S.- Asia Environmental Partnership Project (499-0015), hereinafter known as the US-AEP, at a level of \$100,000,000, to be obligated over a period of five years. FY 92 obligations total up to \$15,000,000, depending upon the availability of funds, as further described herein. The Project Activity Completion Date (PACD) is 12/31/99.

II. **Authority:** Pursuant to A.I.D. Interim Reorganization Delegation of Authority Number 8, DOA 651 and Asia Bureau redelegations under A.I.D. Delegation of Authority 400, you may approve project authorizations in any amount provided the action does not present significant policy issues or require waivers which may only be approved by the Administrator. This action falls within those parameters.

III. **Background:** There is perhaps no more crosscutting development issue than environmental preservation and protection. Rapid global resource extraction, intensified agriculture, and industrialization, largely devoid of environmental conscience, has created a crisis of truly international proportions. The global community, including developed and developing nations, now sees the unacceptable costs of unrestrained growth including scores of casualties to bear witness; to wit, the extinction of invaluable plant and animal species, perilous destruction of forest resources worldwide, unbreathable air and polluted water in heavily urbanized areas, and startling frequency of disasters related to the hazardous waste storage. The Asian continent, dominated by rapidly expanding economies during the 80s, is a case in point.

IV. **Discussion:** The U.S.- Asia Environmental Partnership (US-AEP or Partnership) was announced by President Bush on January 4, 1992 in Singapore, and is the United States' coordinated response to serious environmental issues facing Asian countries. The Project brings together the resources of over twenty U.S. government agencies, the private sector and environmental nongovernmental organizations (NGOs) to assist Asian countries to restore, protect and preserve their fragile and rapidly deteriorating environmental systems through mobilization of U.S. private and public sector expertise and technology. This initiative is part of a broader Agency goal shared by most A.I.D.

Missions to encourage sustainable development and maintenance of environmental quality in Asia. In addition, the US-AEP demonstrates a model approach to US international cooperation focussing on the environment.

Among the results anticipated by US-AEP are: (a) increased awareness by decision makers of environmental issues; (b) reduced rate of environmental degradation; (c) Asian countries with improved policy frameworks encouraging more sustainable, market-oriented solutions to energy and environmental issues; (d) measurable increases in trade investment dollars in U.S. energy and environmental technology, and in U.S. energy and environmental firms operating in Asia; and (e) increased funding by other USG programs directed to environmental concerns. The ultimate aim is to promote a cleaner Asian environment through sustainable approaches which maximize the use of private sector resources. Although difficult to measure, tracking of results will be an important activity of the US-AEP to demonstrate positive and sustainable impact.

Under the overall leadership of A.I.D. and the US-AEP Secretariat, the Project will implement strategic activities which contribute directly to improving the environment in various Asian countries. Presently, these activities are grouped into the following components: (a) Technology Cooperation, to foster the application of appropriate U.S. energy and environmental technology to solve Asian problems; (b) Fellowships and Training to share technical and developmental expertise between the U.S. and Asia; (c) Biodiversity Conservation to seek economic, locally-based approaches to preservation of biodiversity; and (d) Infrastructure Support, to increase the profile of U.S. expertise with large-scale environmental projects in Asia. Other components may be added later, as needed and as appropriate. These components are more fully described in the attached Project Paper Substitute.

A.I.D. intends to devote \$100 million over seven years in support of the above-described activities. There will be substantial contributions leveraged by the US-AEP from other US government agencies, private sector concerns and Asian governments, conservatively estimated at some \$500 million. The US-AEP should not be a US government initiative in perpetuity; rather, it should evolve into a private, nonprofit "foundation", funded by a wide variety of sources.

An Issues Meeting was held on May 14, 1992 chaired by ASIA/DR. The meeting was attended by representatives from ASIA/DR/TR, ASIA/DR/PD, ASIA/FPM, ASIA/EA, DG/AEP, GC/ASIA, POL/PAR, FA/B, R&D/AA and WID. Suggestions from the review meeting were incorporated in the document and the US-AEP was recommended for approval. A copy of the Issues Paper is attached for your information.

V. Congressional Notification: Congress was notified on A.I.D.'s intent to obligate funds for the US-AEP on March 3, 1992. The waiting period for this activity expired on March 18, 1992 without comment. Thus, obligation of funds may be incurred upon your authorization.

VI. Recommendation: That you approve and authorize the US-AEP, as described herein, by signing: (a) the attached facesheet for the Project Paper Substitute; and (b) the Project Authorization.

DR
Draft: DPobertson, ASIA/DR/PD

Clear: FMiller, ASIA/DR/RD *FM*

TNicastro, ASIA/DR/TR *TR*

LReade, ASIA/DG/AEP *LR*

PRamsey, GC/ASIA *PR*

for PDavis, ASIA/FPM *PD*

SChernenkoff, ASIA/SA *SAC*

LMorse:ASIA/EA *DR*

GLOSSARY

AMCHAM	American Chambers of Commerce
ARDN	Agriculture, Rural Development and Nutrition
BSP	Biodiversity Support Program
BWG	Biodiversity Working Group
EHR	Education and Human Resources
EXIM	Export Import Bank
FCS	Foreign Commercial Service
FY	Fiscal Year
HE	Health and Environment
IMF	International Monetary Fund
IQC	Indefinite Quantity Contract
MTAP	Market Technology Access Project
NASDA	National Association
NGO	Nongovernmental Organization
OECD	Office of Economic Cooperation and Development
OMB	Office of Management and Budget
OPIC	Overseas Private Investment Corporation
OYB	Obligating Year Budget
PACD	Project Activity Completion Date
PASA	Participating Agency Service Agreement
PBEC	Pacific Basin Economic Commission
PIET	Partners in International Education & Training
PIRS	Project Implementation Reports
PSEE	Private Sector
R&D/EN	Office of Energy
SBA	Small Business Administration
TAF	The Asia Foundation
TCWG	Technology Cooperation Working Group
TDP	Trade and Development Program
US-AEP	United States Asia Environmental Partnership
US-ETI	United States Environmental Training Institute
USDH	United States Direct Hire
USG	United States Government
USIA	United States Information Agency
WEC	World Environment Center
WG	Working Group
WWF	World Wildlife Fund

PROJECT AUTHORIZATION

Name of Country: Asia Regional
Name of Project: U.S.- Asia Environmental Partnership Project
Number of Project: 499-0015
Name of Grantee(s): Various

1. Pursuant to Sections 103, 104, 105 and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the U.S.- Asia Environmental Partnership Project ("the Project or US-AEP") for the Asia Bureau involving planned obligations of not to exceed One hundred Million U.S. Dollars (\$100,000,000) over the five-year period from the date of this authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process. The planned life-of-project (LOP) is seven years from the date of initial obligation.

2. The purpose of the US-AEP is to assist Asian countries to restore, protect and preserve their fragile and rapidly deteriorating environmental systems through mobilization of U.S. private and public sector expertise and technology. The Project will consist of various pilot activities in support of this purpose, including but not necessarily limited to: (a) technology cooperation assistance and information networks to facilitate U.S. business and NGOs activities with appropriate or adaptable technologies for Asia and encourage inter-regional cooperation; (b) environmental fellowships and training to increase the profile of energy and environment issues with key government, business and NGO leaders; (c) biodiversity conservation grants and the development of an information system to encourage economic incentives and sustainable systems and structures to preserve Asia's invaluable land and water resources; and (d) energy and environmental infrastructure support. US-AEP will consist primarily of grants to U.S. and Asian public and private sector entities for specific activities consistent with the four general areas outlined above. In addition, the Project will permit Mission buy-ins and possible transfers of funds to and from other U.S. government agencies, and where permitted by the Foreign Assistance Act and A.I.D. policy, other non-governmental entities.

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 together with such other terms and conditions as A.I.D. may deem appropriate.

4. Source and Origin of Commodities; Nationality of Services. Except as A.I.D. may otherwise agree in writing, or as otherwise provided below, commodities financed by A.I.D. under the project shall have their source and origin in the United States. Except as A.I.D. may otherwise agree in writing, or as otherwise provided below, supplies of commodities and suppliers of services, other than ocean shipping, financed by A.I.D. under the project shall have the United States as their place of nationality. Except as A.I.D. may otherwise agree in writing, ocean shipping financed by A.I.D. under the Project shall be only on flag vessels of the United States. Except as provided below, all locally financed procurement in Asian countries assisted under this project must be covered by source/nationality waivers under Handbook 1B, Chapter 5, with the following exceptions:

Locally financed procurement is authorized without waiver for:

- (a) locally available commodities of U.S. origin, which are otherwise available 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 and equipment;
 - (v) newspapers, periodicals and books published in the cooperating country; and

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

George Laudato
George Laudato, DAA/ASIA

May 25 1992
Date

Clearance:

ASIA/DR/TR:TNicastro *TN*

ASIA/DR/PD:FMiller *FM*

ASIA/DR:PForbes *PF*

for ASIA/FPM:PDavis *PD*

ASIA/SA:Schernenkoff *SC*

ASIA/EA:LMorse *LM*

ASIA/DG/AEP:LReade *LR*

Draft: GBisson, GC/ASIA & DRobertson, ASIA/DR/PD

U:\DROBERTS\DOCS\AEPAUTH

U.S. - ASIA ENVIRONMENTAL PARTNERSHIP PROJECT

I. Introduction

Some of the most dramatic economic growth in the world today is occurring in Asia and the Pacific. The "success stories" of South Korea, Taiwan, Hong Kong, and Singapore, and the growing economic strength of Thailand, Indonesia and Malaysia are familiar to the development community. However, these countries are quickly coming to recognize the interrelated nature of the relationship between the economic growth and the cost in terms of serious environmental degradation. In fact, the sustainability of the remarkable growth experienced by many Asian countries is in jeopardy unless immediate and serious attention is focussed on the detrimental environmental effects of the rapid industrialization. Although the effects of air and water pollution, uncontrolled urban growth, and destruction of valuable habitats are perhaps most pronounced in the newly-industrialized countries, the problem spans virtually all Asian countries.

The U.S. is a longstanding participant in the debate regarding the balance between environmental preservation and economic growth. Through domestic experience, the U.S. has become an international leader in development of appropriate technologies and strategic approaches to protect its natural resource base and permit economic growth. Largely the result of efforts by environmental watchdog and advocacy NGOs, the U.S. holds a commanding position in environmental policy development, technology, experience and equipment. The U.S. also ranks high in environmental research and development, largely due to a network of private research laboratories, and is particularly competitive in the areas of emission control, hazardous and toxic waste management, recycling, "clean coal" technologies, renewable energy development, and biomass co-generation technologies, among others. U.S. experience has shown that these technologies can be adopted efficiently with positive impact on business productivity as well as on environmental quality. Sound business, economic development and environmental practices, therefore, ultimately rely upon and reinforce one another. This is the principal rationale for the creation of the US-AEP.

On January 4, 1992, President Bush announced the creation of the U.S. Asia Environmental Partnership (US-AEP or Partnership). The US-AEP brings together a wealth of U.S. private and public sector experience with Asian countries trying to solve serious and growing environmental problems needed to permit continued economic growth. In close association with all participating entities, the US-AEP will encourage the sustainable development and maintenance of environmental quality in Asia through mobilization of U.S. private and public sector expertise and technology.

The Partnership is characterized by collaborative approach to energy and environmental efforts between Asians and Americans, often of an experimental nature. Initially, US-AEP will focus on technology cooperation, fellowships and training, biodiversity conservation, and infrastructure support as areas where U.S. expertise has a comparative advantage. These are discussed fully in the Project Description below.

Building the "partnership" aspect of the US-AEP has been an important of the development of this activity. It is crucial to the Initiative's success that all participants have a voice in its development and implementation. Maintenance of the partnership is a complex task and requires a strategy and continuous attention by the Secretariat. Prior activities in support of the partnership include: (a) the establishment of working groups in all technical areas to join the U.S. private and public sectors; (b) wide-ranging preliminary consultations between the U.S. and Asians, such as WorldNet broadcasts by the AA/ASIA; (c) a the steady stream of input from field missions into the development of the US-AEP agenda. There have been numerous meetings since the announcement of the US-AEP designed to reinforce the collaborative approach, including the TPCC and Working Group meetings. These demonstrate the seriousness with which the Secretariat takes the partnership. Much remains to be done, admittedly, but it builds on a firm foundation.

The US-AEP is somewhat of an experimental initiative in A.I.D. terms. The initiative seeks to mobilize and leverage the resources of many U.S. government agencies, as well as the U.S. private sector and NGO community, to focus on a problem. As such, the US-AEP will provide a model approach for international cooperation, promoting sustainable environmental initiatives through the resources of the private sector.

Many of the US-AEP activities planned are unusual for A.I.D. For example, the fellowship program includes an exchange program whereby Asian and American business men and women trade places. In this way, Asians may increase their exposure to a wide variety of new technologies, and Americans may gain a better understanding of the technology requirements of Asian businesses and governments. A.I.D.'s expertise is in the traditional participant training program rather than the reverse. Hence, contracting mechanisms, logistical arrangements and cost information are of a pilot nature while experience is gained.

While it is possible at this juncture to define certain of the "outputs" of some of the more well-defined activities, quantification of "outcomes" is, perforce, highly speculative. The designers anticipate that collection of baseline data early on will result in the specification of quantified outcomes during the first year of the Project.

II. Project Description

The US-AEP is A.I.D.'s seven-year, \$100,000,000 contribution to the initiative launched by President Bush to "better address the challenge of balancing environmental protection with development...through...U.S. equipment and technology." A.I.D., which provides the Director General to the US-AEP, has taken the lead in developing concrete proposals to implement the initiative. This Project provides the conceptual and definitional framework for those proposals. Yet, US-AEP should be much broader. The U.S. private sector and NGO communities have been active in Asia for many years, and will continue to pursue programs which are complementary and attributable to US-AEP. Although this document attempts to capture the wider initiative, the focus is on A.I.D.'s contribution.

A. Goal - The overall goal of the US-AEP is to **encourage sustainable development and maintenance of environmental quality in Asia and the Pacific**. This is consistent with Agency initiatives in support of both the environment and the role of the private sector in Asia. It is no longer a matter of choice whether government-to-government attention is given to the environment; there must be a reversal in the dangerous trend of air and water quality deterioration.

The US-AEP is a timely and innovative initiative amid many cooperative efforts aimed at protecting the global environment. It is essential that energy and environmental conservation issues be raised to the highest levels of international recognition. The US-AEP will assist in this process by encouraging political and developmental responses to these problems. Ultimately, this project will contribute to a measurable improvement in the environment. There are three areas of focus for the program, in environmental terms. They are "green", "brown" and "blue" issues, dealing with the forestry, industrial, and marine environments respectively. Asia, with its overwhelming urban-based and industry-generated pollution, will have to be among the first areas of intervention.

Success of this initiative assumes continued strong economic growth in the region and trade policies which permit and encourage U.S. investment. There is very little doubt that this trend will continue for the near to medium-term.

The US-AEP is not a typical U.S. government program; rather, it is a partnership between business, NGOs, and Asians supported by the U.S. government. Over the life of this project, then, it is envisioned that a strategy will be developed to help the Partnership evolve into an autonomous or semi-autonomous organization financed from many sources. That will be the true test of its financial sustainability.

B. Purpose - The purpose of the US-AEP is to **assist Asian countries to restore, protect and preserve their fragile and rapidly deteriorating environmental systems through mobilization of U.S. private and public sector expertise and**

technology. Informal market research has demonstrated strong interest from Asian businesses and governments in U.S. environmental and energy technology. The U.S. also possesses a powerful range of expertise and technology in dealing with energy and the environment. These include superb academic resources in American colleges and universities; internationally-recognized research and development laboratories; local, state and federal government policy and program capabilities; a vibrant private sector; and a visionary nongovernmental community. Thus, there is a natural role for the U.S. in working with Asian and Pacific countries to address energy and environmental problems. This Project provides funding for pilot activities which join Asians and Americans in resolving these problems.

The US-AEP also has a sub-purpose to **improve US international coordination,** focussing on the environment. It is the expectation of the creators of the US-AEP that additional USG resources will be directed to Asia as a result of this activity. As described above, this Project combines the efforts of public and private sector interests as an approach to identifying and implementing solutions to issues of international importance.

At the end of the Project, one may expect a change in: (a) environmental quality; (b) U.S. trade and investment levels; and (c) USG program resources in Asia. More specifically, the following results, among others yet to be defined, are anticipated:

Increased awareness of environmental problems;

A positive change in the quality of the environment;

An improved policy framework in selected Asian countries **encouraging sustainable, market-oriented solutions to energy and environmental issues;**

Measurable increases in trade investment dollars in U.S. energy and environmental technologies, and increases in the number of U.S. energy and environmental firms operating in Asia; and

Increased funding by other USG programs directed to environmental concerns.

Measurement of changes in environmental quality are addressed through increased awareness and reduced rates of degradation of the environment. Considering the size of the region and the magnitude of the problem, even at a level of \$100 million, the most that this project can be expected to achieve in terms of quality, is to stem the tide of destruction. As a point of comparison, USAID/Manila has recently approved a \$175 million project directed **exclusively** at the issue of forestry policy, and **only** in the Philippines. Therefore, targets for environmental improvement are proportionately modest.

The US-AEP combines an environmental and private sector agenda, and engages political, business and community leaders from Asia and the U.S. through a variety of activities, principally through business exchange programs and fellowships. These activities will result in the development of more favorable environmental and trade policies leading to an improved global environment.

A strong demand exists for U.S. expertise and technology, based on experience to date. Therefore, a corresponding increase in U.S. investment in the region at the end of the Project is likely. Similarly, an increase in the number of energy and environmental technology firms operating in Asia should result from Project activities. The US-AEP's Environmental Business Centers and Technology Assistance Fund, described below, support this outcome.

Concerning the increased funding of other USG initiatives in Asia, we believe we can expect some of the following to occur:

- (a) more USG agency staff dedicated to Asian environmental issues (EPA, Forest Service, Department of Energy);
- (b) stronger links between the US-AEP and other agency activities (e.g. assignment of National Science Foundation staff to work on Biodiversity activities);
- (c) increase in other USG activities directed to environmental concerns (i.e. more Peace Corps Volunteers serving in environmental capacity, USIA fellowships in environmental programs, etc.)
- (d) increase in NGO programs in Asia devoted to environmental issues.

At this time, there is very little baseline information available to establish targets for the above results. This is partly due to the need for further planning in specific areas of focus. However, we believe the indicators are measurable and realistic. The US-AEP Secretariat will collect information early in the life of the Project from Chambers of Commerce, U.S. government sources, Embassies, A.I.D. Missions, etc. and establish realistic targets.

A key assumption of the US-AEP is that appropriate or adaptable technology is available in the U.S. to address Asia's environmental problems. U.S. business will benefit by providing competitive goods and services; Asian countries will benefit by the application of proven technology to growth limiting pollution technology.

C. Outputs - Based on planning consultations with a wide audience including members of the U.S. private sector and NGO communities, as well as U.S. government representatives, the US-AEP has been formed initially along component, or "thematic" lines. The components are: (1) Technology Cooperation; (2) Fellowships and Training; (3) Biodiversity Conservation; and (4) Energy and Environmental Infrastructure Support. In addition, the US-AEP Secretariat, which

provides overall coordination, is described separately. All components are inter-related and overlapping to some degree. For purposes of input and activity planning, they are considered separately: for purposes of results tracking, they are discussed jointly.

For illustrative purpose, selective outputs of the US-AEP are presented below:

Increased competitiveness of U.S. private sector energy and environment firms in Asia;

Key public and private sector leaders, both men and women, from the U.S. and Asia trained in resolution of energy and environment issues;

Economic incentive structures and financially viable mechanisms promoting the preservation of Asia's air quality, land and water resources;

Increased U.S. share of energy and environmental infrastructure projects in Asia.

US-AEP consultations suggest that reliable and timely information is one of the most important obstacles to effective involvement of U.S. energy and environmental organizations interested in Asia. Therefore, the Project will support the **expansion of existing energy and information market and technical information networks and the creation of others in order to improve the quantity and quality of information.** Information systems will support the Technology Cooperation, Biodiversity, and Infrastructure components. They will be pilot activities designed with an emphasis on sustainability.

US-AEP intends to sponsor approximately at least **200 "fellows"** (as distinct from "participants") **annually**; at least half of whom will be Asians participating in structured learning experiences, or study tours, in the U.S., and the balance from the U.S. for programs in Asia. Fellows will be involved in programs promoting energy and environmental issues and will be selected from leadership positions in the public and private sectors. A balance will be sought among men and women fellows.

Approximately **50 business exchanges** between Americans and Asians will be organized **annually**. Business exchanges are experimental activities designed exclusively for professionals from the energy and environmental private sector and will result in much closer cooperation, joint ventures, or other transactions. In this program as well, balance among men and women will be sought.

During the first year, two **(2) energy and environmental business centers will be established**, probably in A.I.D. recipient countries. The objective of the business centers is to facilitate the process of exchange of technology and to support other US-

AEP activities. The US-AEP is not limited to A.I.D. recipient countries, and one center may also be established in another Asian country with non-USG funding through assistance from the Pacific Basin Economic Consortium (PBEC). Additionally, other centers will be established over the life-of-Project. Moreover, the possibilities of augmenting US & FCS and/or private sector capabilities (such as AMCHAMS) to gather information on environmental activities and act as assistance points for expanding American technology approaches will be investigated.

Under the Biodiversity Component, a pilot competitive grants program will award **approximately 30 grants annually** to individuals and organizations experimenting with approaches to financially sustainable biodiversity.

Finally, the US-AEP will assist U.S. companies implementing major energy and environment infrastructure projects to better understand the procurement processes in Asia and to develop strategies to increase opportunities for American companies. It is expected that, within the first two years of the Project, at least **2 new infrastructure projects will be awarded to U.S. firms and some 10 new firms will establish operations in Asia.**

In total, the outputs will contribute directly to improving Asian environmental quality, and reduce or eliminate many of the barriers which currently constrain the U.S. in more effectively assisting with energy and environmental issues. Project outputs relate only to the A.I.D. contribution; it is assumed that other agencies will participate and make complementary contributions.

D. Inputs - The inputs to the US-AEP are the sum total of the activities of the technical and coordinating components. The initial inputs are summarized as follows:

1. Technology Cooperation
 - a. Environmental business centers
 - b. Identification and promotion of U.S. technologies
 - c. Information collection and distribution
2. Fellowships & Training
 - a. Fellowships program
 - b. Business exchange program
 - c. Trade-related business and training
 - d. Human resources initiatives
3. Biodiversity Conservation
 - a. Conservation demonstration sites
 - b. Regional biodiversity information network
4. Environment and Energy Infrastructure Component
 - a. Reliable information
 - b. Competitive financing
5. US-AEP Secretariat

Inputs are described in greater detail below:

1. **Technology Cooperation** - Some of the fundamental rationale for the US-AEP comes from the need to assist U.S. businesses to improve their competitive position in the Asian environmental and energy market. U.S. companies are disadvantaged in the Asian environmental and energy marketplace due to lack of information and financing. Moreover, the environment is a relatively new market for everyone. As a consequence, a Technology Cooperation Component will assist businesses through a series of activities as further described below. A Technology Cooperation Working Group (TCWG) has been established to provide guidance for activities implemented under this component. The TCWG comprises representatives of government and business, trade associations and USG agencies. The Group meets regularly and plays a proactive role on Partnership activities for the broad business community. Specifically, activities will:

Improve the quality and timing of information gathering regarding the technology requirements of Asian governments and business;

Improve the flow of information within the U.S. to appropriate businesses operating in the energy and environmental technology sector; and

Establish mechanisms to facilitate the transfer of information and technology between Asia and the U.S.

This is a particularly new area for A.I.D. As such, it is expected that the private sector will play a leadership role in defining specific activities. The following activities have been developed for implementation early in the US-AEP, with possible additions as the Partnership gains experience:

a. **Environmental Business Centers** - With joint sponsorship by the U.S. and Asian private and public sectors, at least two business centers will be created in Asia to promote U.S. environmental and energy technology. Site selection for the centers considers a variety of criteria, inter alia, demand for technology and information, evidence of financial support by the private sector, legal and regulatory framework, and A.I.D. Mission interest. The centers will supply information on technologies (services, products and processes) as well as financing opportunities, business advisory services, joint venture interests and trade and technology exhibits. Staffing for the center will be built around the placement of a strong U.S. technology proponent with expertise in Asian market development in energy and environment.

The Business Centers will be established in late 1992 through joint funding provided by Asian government(s), the private sector and A.I.D. The A.I.D. contribution will most likely be support for operating costs of the Centers. Based on experience in initial activities, plans will be made for additional centers, as appropriate. The nature of

A.I.D. assistance will be defined through exploratory consultancies conducted under the Market and Technology Access Project (MTAP). It is quite likely that A.I.D. will fund technical assistance to the centers.

b. Identification and Promotion of U.S. Technologies - US-AEP will provide technical assistance to a number of its participating posts to collect relevant information related to the exchange of technology between U.S. and Asia. Although it awaits the recommendations of the MTAP consultants, AEP is considering: (1) augmenting at least 3 Foreign Commercial Service offices in Embassies in the Asia region with one full-time staff member dedicated to energy and the environment; (2) provide at least 3 technicians to business organizations in the region to support AEP-related businesses; and (3) detail at least 1 technician to an Asian government heavily involved in energy and environmental technology. Implementation details will be worked out in the coming months.

c. Information Collection and Distribution - Better information within Asia, between Asia and the U.S. and within the U.S. is required in order to support increased technology transactions. Several examples of possible information systems for US-AEP participants are: (a) the TOPS system operated by Department of Commerce; and (b) EPA's Green Pages and private sector-developed databases. These will be studied more thoroughly prior to funding any one of them. Funding mechanisms will be buy-ins to existing A.I.D. projects or 632 transfers to other U.S. government agencies.

d. Technology Assistance Fund - A fund will be established to provide assistance to firms to address specific technological needs of Asia in the energy and environmental sectors having the greatest impact in solving problems and forming business relationships. The proposed program includes establishing a fund to be used in a cost-sharing manner to stimulate innovative ways of promoting appropriate technology to address the needs of Asian countries.

Total estimated funds for this component are \$15,000,000.

2. Fellowships & Training Component - The purpose of this component is to strengthen the human resource and institutional capacity, within and outside of government, to address urgent environmental problems in Asia. This refers specifically to the preparation of Asians for roles in which energy and environmental expertise is critical. Designed as an "exchange" rather than a traditional participant training program, this component also supports the organization and maintenance of professional partnerships among participants.

There are four distinct activities in the Fellowships and Training Component which have been planned for early implementation: (a) an environmental fellowship program directed at leaders and emerging leaders from government, industry and other non-

governmental organizations in the Asia region and the United States; (b) an environmental exchange program directed to professional personnel from business, enterprise, industry and utility organizations in the Asia region and the United States; (c) training support directed to professional personnel from the Asia region to facilitate their access to environmental training opportunities in the U.S. and to develop new training opportunities, where needed; and (d) conditional institutional grants which provide leverage or support for commercial transactions. Under the Fellowships and Training Component, approximately 1,000 Americans and Asian men and women will participate in structured experiences. Detailed designs for each program will be developed soon after authorization of the US-AEP, and additional activities may be included as they are developed.

a. Fellowships - The Fellowships program will consist of high profile exchanges between mid-level and senior technicians, policy makers, business people, managers and scientists from Asia and the U.S. Fellowships will be awarded for periods of up to one-year subject to the requirements of the individual, although most fellowships are expected to be for six months or less.

Asian Fellows placed in the U.S. in individually-tailored programs will be provided with practical and classroom (but non-academic) experience for tackling the most pressing environmental problems. They will be exposed to leading edge U.S. policy development, expertise and technology, and local solutions which have proved effective in the U.S. Asian fellows will return to their countries armed with a knowledge of the methods and the means to solve immediate and long-term environmental and energy problems required to permit continued high rates of economic growth.

Americans placed in Asia will study environmental problems, commercial practices, specific policies and regulatory institutions related to energy and the environment. American Fellows will share technical, management and research expertise with their Asian counterparts in order to create and strengthen trans-Pacific relationships.

Host organizations for this program include local and national government agencies and associations, private and public industrial firms, research institutions, trade associations, chambers of commerce and NGOs. The Fellowships program will reinforce ties between Asian and American environmental institutions and firms, laying the basis for longer-term networking, thereby creating a cadre of present and future leaders who know one another well.

Approximately 200 Fellows will be sponsored annually. During the first year, fellows will be nominated by A.I.D. Missions and Embassies. A concerted effort will be made to include equal numbers of men and women in this first group. Competitive selection methods will be introduced later for subsequent programs.

The Fellowships Program will be implemented, **on a pilot basis**, through a Cooperative Agreement with The Asia Foundation (TAF). Due to its extensive network of contacts in Asia, A.I.D. believes TAF possesses a predominant capability to identify and process Asians for programs in the U.S. It is anticipated that TAF will enter into a sub-contractual relationship with the Partners in International Education and Training (PIET) for placement in the U.S. This pilot activity will be awarded to TAF on a sole source basis owing to TAF's history and networks in Asia. However, based on lessons learned during this activity, a longer-term activity will be awarded competitive later on.

The total estimated cost for the Fellowships Program is \$14,000,000.

b. Business Exchange - The Business Exchange program will sponsor technical assistance from and in the United States to enhance environmental policy, management, and practice in Asia. Specifically, the program will support targeted problem solving assessments, technology cooperation and training workshops, and study tour/internships. The business exchange is distinguished from the fellowships by its sharper problem focus and by a relatively briefer individual program experience. While built on a business base, the program will also support assistance to and from government, academia, and other non-governmental institutions and organizations. Activities may be carried out individually, in groups, bilaterally, or regionally.

Some 300 exchanges will be sponsored during the first two years of the Project, and 100-150 per year thereafter depending on the lessons learned.

The Business Exchange Program will be carried out initially through a Cooperative Agreement with the World Environment Center (WEC). WEC has a model program at a larger scale already in place for Central and Eastern Europe, and the Center has established ongoing programs in Asia. This will be a non-competitive award.

The total estimated cost of the Business Exchange Program is \$7,500,000.

c. Trade-Related Business Exchange and Training - The objective of activities under the trade-related business exchange and training rubric is to facilitate specific transactional linkages between U.S. and Asian businesses with the objective of facilitating joint venture or other business transactions. The Trade and Development Program (TDP), which is a separate U.S. agency, has an established capability in this area and is the likely implementing organization. There are possible legal issues which must be resolved regarding the degree to which U.S. government funds may assist in the facilitation of specific transactions. While these are being explored, other implementation alternatives may be identified. However, it is likely that an initial 632(a) transfer to TDP will be effected.

The total estimated cost of this activity is \$1,200,000.

d. Human Resources Initiatives and Support - The United States Environmental Protection Agency (EPA) helped to establish the U.S. Environmental Training Institute (US-ETI), a private, not-for-profit institute, which conducts specialized environmental training programs. US-AEP will assist US-ETI, through a Cooperative Agreement, to target Asians in its training. Approximately \$1,200,000 is tentatively reserved for this activity.

EPA also maintains a database support for general environmental training. A 632(a) transfer to EPA is anticipated to provide extended access to this information for Asia. The total estimated cost of this activity is \$1,200,000.

3. Biodiversity Conservation - Depletion of biodiversity assets in Asia has reached crisis proportions; the estimated number of species lost annually is higher than in Latin American or Africa. The destruction of natural habitats by agricultural and urban expansion and over-harvesting of forests and fisheries has proceeded longer and is more extensive than any other tropical region. The consequences are profoundly negative for sustainable development - agricultural productivity is declining, fisheries are threatened, and the foundation for a healthy, diversified small industries sector is jeopardized. Rural economic decline causes crushing poverty which leaves people with few choices in managing land and natural resources.

Three systems for protecting biodiversity exist: traditional community-based practices that protect the local resource base for production and subsistence, modern state-based protected area systems, and government policies designed to control exploitation of biodiversity assets.

The problem is that these systems are failing to stem the tide of biodiversity loss. They are failing because traditional natural resources management systems are in conflict with "modern" market economies. Millions of people are marginalized as their livelihood strategies deteriorate - whole communities lack the financial and biological resources to sustain themselves. Protected area systems have become associated with weak management and disenfranchisement of local people. Policy is either misguided, misapplied, or in conflict with development strategies so environmental degradation continues, essentially unabated.

The proposed solution is to establish a support network for launching community-based sustainable livelihood programs demonstrating balanced participatory scientific, social and commercial components.

A Biodiversity Working Group (BWG) was established to identify commercial opportunities which contribute to improved and increased biodiversity conservation. The BWG consists of representatives from the USG, conservation NGOs and businesses that could commercialize biodiversity products. The BWG will share information on issues such as social factors, motivational methods, sustainable

approaches, marketing, species preservation and handling intellectual property rights issues and royalties for mutual benefit. The BWG will identify appropriate entities to resolve problems, e.g. important policy issues related to royalty protection.

The Biodiversity Conservation Component will sponsor the following activities over the life of the US-AEP:

a. Conservation Demonstration Sites - A competitive grant program will be implemented with awards grants for field-based programs which demonstrate how rural and indigenous communities can realize economic and subsistence benefits while conserving biological diversity through adding economic value to local flora and fauna. Of special interest is the concept of co-management of natural resources between communities and government or commercial entities. Grants will be made for programs demonstrating balanced participatory scientific, social and commercial applied research in planning and implementation. Competitive awards will range from up to \$50,000 for research supporting proposal preparation, \$100,000 per year for promising programs missing an essential scientific, social or commercial analysis component, and up to \$900,000 for initiatives requiring major funding. Working partnerships between U.S. and Asian businesses, NGOs and universities will receive the highest priority.

Proposals in excess of \$50,000 will be subject to peer review by a committee whose members are drawn from the science, social research, economics, business and policy disciplines. The review committee will develop and apply criteria from their disciplines and from the experience of successful, sustainable development conservation projects.

b. Regional Biodiversity Conservation Information Network - The network office will be the repository for information collected from the demonstration sites, from projects in other regions, and from scientific, social research, economic, business, NGO and policy networks. The office will support south-south, south-north technical exchanges and will foster inter-regional and international linkages among the above groups. It will manage a small grants program (\$1,000 to \$10,000) to support initial meetings among potential venture partners and for preliminary survey work.

Both activities in the Biodiversity Component will be managed by the World Wildlife Fund, a registered, U.S. private voluntary agency, through a Cooperative Agreement to the Biodiversity Support Program (BSP), a consortium of NGOs including the World Resources Institute and the Nature Conservancy. A Cooperative Agreement will be awarded noncompetitively to the BSP based its prior work in this area.

Total estimated cost of this component is \$25,000,000. Approximately two-thirds of this amount will be for grants; the remaining one-third for the Information Network.

4. Environment and Energy Infrastructure Component - The Environmental and Energy Infrastructure Component is designed to stimulate environmental and energy efficient infrastructure investments in Asia to reduce pollution and conserve natural resources. Asian opportunities for U.S. involvement in infrastructure include water supply and treatment, wastewater treatment, solid waste disposal, air quality improvement, industrial hazardous and non-hazardous waste control, etc. The U.S. government agencies participating in the US-AEP believe that U.S. business participation in major environmental projects will introduce new technology which is essential to address recurring environmental problems in the region.

An Environment and Energy Infrastructure Working Group was established consisting of representatives from A.I.D., the Overseas Private Investment Corporation (OPIC), the Trade and Development Program (TDP), the Export-Import Bank (EXIM), and the Small Business Administration (SBA). Industry representatives attend from time to time.

Over the past five months, the Working Group has consulted with leaders in private industry to identify the principal obstacles to increased U.S. competitiveness on major infrastructure projects in Asia. They cite the lack of reliable information and competitive financing as the most important problems for US-AEP action.

a. Reliable, Timely Information - Industry officials cite the lack of reliable and current information on planned infrastructure projects as a critical problem in increasing U.S. opportunities. Often, by the time an infrastructure project becomes public knowledge, the contract has already been decided, if only informally. With more current information, U.S. companies could enter into discussions with Asian and Pacific countries much earlier and perhaps negotiate more favorable terms.

b. Competitive Financing - The U.S. is unusual in that it does not make provision for broad concessionary financing to U.S. companies. Consequently, U.S. companies interested in bidding on infrastructure projects are thwarted by the limited financing available through U.S. financial institutions as well as multi-national institutions.

Consequently, the objectives of the Environmental Infrastructure Component are: (a) to provide better, earlier knowledge and understanding of environmental and energy infrastructure needs and projects in Asia; and (b) to establish a pilot clearinghouse to explore specific ways in which the U.S. can strengthen the competitive position of U.S. companies bidding on Asian infrastructure projects.

The WG supports the testing of a project review and investment clearinghouse for U.S. government project assistance financing requests. Conceptually, the model will streamline the review of applications from U.S. companies for assistance received by OPIC, EXIM and TDP, as well as bring more resources to bear on individual applications. This will improve the U.S. government agency efforts in supporting the

"soft costs" of projects, such as feasibility, conceptual engineering, environmental assessment, design, and management -- which are often key for U.S. private sector project participation.

The initial pilot effort will take place over the next 12 - 18 months staffed with specialists in investment financing. It is envisioned that a simple administrative facility can be established in conjunction with other US-AEP programs to coordinate the review of applications and service delivery. Near the end of the pilot period, the activity will be evaluated to determine future directions. However, it is expected that this clearinghouse will: (a) increase the total number of applications from U.S. firms in energy and environmental infrastructure seeking opportunities in Asia; and (b) result in an increase in the number of firms awarded major contracts. The Working Group will establish targets prior to obligation of funds.

The pilot clearinghouse financing facility will be implemented through an existing contractual arrangement with an appropriate private entity. There are two options under consideration: (a) buy-in to the Office of Energy Private Sector Support Project; and (b) incorporation into and amendment of the existing TR&D contract for Secretariat Support. This decision will be made by the US-AEP Project Committee based on further information regarding the flexibility of the different approaches and contracting deadlines.

It is not possible to detail activities in the Energy and Environment Infrastructure Component beyond the implementation of the pilot financing facility. However, it is anticipated that an inventory cum assessment of infrastructure project opportunities will occur during the second year. This assessment will collect detailed technical information in participating US-AEP countries regarding: planned infrastructure projects; approximate procurement schedules; interested competing bidders; and special concerns. Various sources of information will be considered, including contractual

A total of \$10,000,000 is allocated for this component.

5. US-AEP Secretariat

The US-AEP Secretariat was established to perform the broad function of coordination for the entire US-AEP initiative -- well beyond the activities funded under this action. The Secretariat is responsible for:

- * providing policy and technical leadership for the initiative;
- * maintaining the full participation of the U.S. partners (U.S. government, private sector, NGOs, etc.) as well as Asians;

- * program planning for AEP-funded activities; and
- * monitoring results and accomplishments by the US-AEP;

The Secretariat, which is headed by an A.I.D. Senior FSO, will combine the resources of contract and detail staff to carry out its responsibilities.

A contractor has been engaged to provide administrative and logistical support for Secretariat activities. The contractor will be required to provide the services of an administrative officer, environmental development expert, reports and public relations expert, an Asia partner relations expert, U.S. partner relations expert, business relations expert, component coordinators and general administrative support. These services will be required for at least the first five years.

In addition, the Secretariat will employ several senior-level USG employees from, inter alia, the Environmental Protection Agency, Department of Commerce, and the Department of State. These positions will be used to strengthen the commitment of participating agencies. A.I.D. will not pay salaries and benefits of these staff, but will contribute travel and support costs.

\$15,000,000 is reserved for these activities. This constitutes 15% of the AEP budget, but much less if other anticipated contributions are included.

6. Funding Levels

A.I.D. intends to authorize this activity at a level of \$100 million. This number has been revised up from the original \$50 million as notified to Congress. The upward adjustment is the result of design recommendations concerning the necessity to demonstrate verifiable impact and the "cost" of leveraging contributions (direct or through attribution) from other U.S. government agencies, Asian countries and the private sector. As originally conceived, a significant portion of the US-AEP accomplishments will be through attribution of activities from partners. That is to say, activities which support the aims and objectives of the US-AEP but which may not be under the direct management of the Initiative.

The US-AEP is establishing targets for the diverse contributions expected from current and potential US-AEP partners over the life of the Project. These are conservative targets, rather than firm estimates of contributions, and as such, cannot be guaranteed. Attribution from other U.S. government agencies will reach at least \$75 million in activities supportive of the AEP. It is anticipated that the contribution from Asian governments (not necessarily A.I.D.-assisted countries) will be approximately a 1:2 match to the A.I.D. levels, or \$50 million. The contribution of the private sector through direct investment and in kind contributions is estimated at approximately \$165 million. Finally, multi-lateral donors such as the World Bank and the IMF may launch

activities which support investments in energy and the environment; a target of \$100 million is suggested. Hence, the \$100 million A.I.D. contribution could leverage a total program of some \$500 million from all US-AEP partners. It should be noted that the leveraging ratio could be much greater if the amounts of underwritten major projects (e.g. ExImBank infrastructure projects) were included. However, it is impossible to estimate these possible attribution amounts except to say they might be in the hundreds of millions of dollars range.

There are three types of AEP accomplishments for tracking purposes. They are: (a) AID-direct AEP contributions, which include AEP-funded activities, bilateral Mission activities, and Asia Bureau and R&D regional and central activities; (b) AEP-partnership activities, comprising activities sponsored and funded independently by other USG agencies; and (c) AEP-affiliated activities, which are those attributable activities funded wholly by outside sources, such as Asian governments.

The Secretariat will be responsible for the design, establishment and operation of a tracking system for attributions and contributions to the AEP. Results will be made available to the partners on a periodic basis.

7. Gender Considerations

Traditionally, women's perspectives and concerns have not been taken into account in the design or implementation of environmental policies and programs. However, their participation is essential to sustainable development. Too few women have been involved in decision-making processes for environmental programs and funding, despite the international target of 30 percent of women in leadership positions by 1995 and equal gender representation by the year 2000. The US-AEP has strong female leadership at the component level and incorporates female participation at all stages. Serious attention will be given during subsequent planning to ensure strong participation in all components by women; as participants, through their organizations, be they businesses, NGOs or government agencies; and as grant recipients and providers of services.

III. Procurement Plan

The illustrative procurement plan for the US-AEP is presented below by component. A variety of mechanisms will be used over the course of the activity to fund activities, including grants, cooperative agreements, contracts, possibly 632(b) transfers to other U.S. government agencies, Participation Agency Services Agreements (PASAs), Mission buy-ins, OYB transfers, etc.

This section describes procurement anticipated for FY 92. It is expected that future year procurement plans will be approved through the US-AEP's annual workplans, as prepared by the Secretariat.

A. Technology Cooperation Component - The Technology Cooperation Component is the hallmark of the US-AEP linking U.S. and Asian partners in environmental and energy technology. It is through this component that substantial private sector and other partner contributions will be leveraged. Total funds for this component are estimated at \$15,000,000 as described below:

TECHNOLOGY COOPERATION COMPONENT				
Activity Description	Implementing Mechanism	Method of Financing	FY 92 Obligation	Estimated LOP Cost
Promotion of US Env Technology and Technology Network	Buy-in to MTAP (Initially)	Cost-reimbursement	\$1,000,000	\$4,000,000
Foreign Commercial Service Assistance	632(a) transfer	transfer	\$ 250,000	\$1,000,000
EPA Action Teams, Information System and Regional Assistance	PASA or 632(a) transfer	to be determined	to be determined	\$6,000,000
Assistance to Business Organizations	Cooperative Agreement(s)	cost reimbursement	to be determined	\$1,000,000
Technology Assistance Fund	Buy-in to NASDA Cooperative Agreement and others	to be determined	to be determined	\$2,500,000
Other Technology Activities & Mission Buy-ins	To be Determined	To be Determined	\$0	\$ 500,000

To launch activities under the Technology Cooperation Component, an exploratory buy-in to the Market Technology and Access Program (MTAP), a PRE centrally-funded project, will be executed. The objective of the buy-in will be to step up the consultations with U.S. and Asian businesses and make further recommendations concerning the establishment of the Environmental Business Centers.

In addition, as mentioned in the Project Description, US-AEP will sponsor staff working in selected participating country Foreign Commercial Offices to assist with the collection of energy and environmental data. A 632(a) transfer is the proposed mechanism to the Department of Commerce.

B. Fellowships and Training - Total funding for the Fellowships and Training Component is estimated at \$35,000,000 as described below:

FELLOWSHIPS AND TRAINING COMPONENT				
Activity Description	Implementing Mechanism	Method of Financing	FY 92 Obligation	Estimated LOP Cost
Environmental Fellowship Program	Phase I: Cooperative Agreement to TAF Phase II: fully competitive grant or contract	Phase I: Federal Reserve Letter of Credit Phase II: Cost-reimbursement	Phase I: \$6,000,000 Phase II: \$8,000,000	\$14,000,000
Business Exchange	Phase I: World Environment Center Cooperative Agreement Phase II: fully competitive	Phase I: Federal Reserve Letter of Credit Phase II: to be determined	Phase I: \$3,000,000 Phase II: \$3,500,000	\$ 7,500,000
Trade-related Business Exchange and Training	Cooperative Agreement to Environmental Training Institute (ETI)	Cost-reimbursement	\$ 500,000	\$ 2,000,000
Environmental Database	PASA or 632(a) transfer to EPA	to be determined	\$100,000	\$ 1,200,000
Special Projects & Mission Buy-Ins	to be determined	to be determined	\$0	\$10,300,000

Implementation of the Fellowship Program will take place in phases: Phase one will be implemented through a noncompetitive Cooperative Agreement to The Asia Foundation (TAF). Through this action, the US-AEP will be able to access the geographic network of the Asia Foundation (TAF) and the participant training expertise of a variety of educational organizations. TAF has a longstanding presence in Asia

and has an extensive network throughout the region. Phase Two will be a fully competitive award for the continuation of the program based upon lessons learned.

The Business Exchange Program will be implemented through a Cooperative Agreement to the World Environment Center (WEC), which has a demonstrated expertise in the area of support to environmental business. Phase II will be competed based on lessons learned during phase I.

Support for the US-ETI will be done on an experimental basis directly. Although the Institute was originally established by EPA, it is a not-for-profit organization which raises funds independently.

EPA's environmental training database will be expanded through US-AEP assistance. This database will be accessed through either a PASA or 632(a) transfer to EPA.

C. Regional Biodiversity Conservation Component - The Biodiversity Conservation Component will support activities aimed at preservation of biodiversity in Asia through support for research and development activities. Total estimated funds for this component total \$25,000,000 as described below:

REGIONAL BIODIVERSITY CONSERVATION COMPONENT				
Activity Description	Implementing Mechanism	Method of Financing	FY 92 Obligation	Estimated LOP Cost
Competitive Biodiversity Grants Program and Biodiversity Information Network	Cooperative Agreement with World Wildlife Fund (Biodiversity Support Program)	Letter of Credit	\$6,500,000	\$20,000,000
Other Activities, Buy-ins, etc.	To be determined	To be determined	\$0	\$5,000,000

US-AEP will implement all activities under the Biodiversity Conservation Component through a central cooperative agreement with the World Wildlife Fund (WWF) led consortium known as the Biodiversity Support Program. An initial tranche of approximately \$6,500,000 will be obligated in FY 92. This will be extended up to a level of \$25,000,000. However, it is possible that additional activities will be developed as experience is gained through the grants program which will redirect a portion of the funds. BSP will advertise the availability of grants, develop a list of detailed criteria, process applications, award and monitor grants. Grants will range in size from

approximately \$250,000 to \$900,000 and will not exceed 3 years (although there may be exceptions). Grants will be awarded on an annual basis. Due to the seven-year PACD for the US-AEP, grants may not be awarded which extend beyond 12/31/99. Mission buy-ins may be permitted to the extent they do not exceed the ceiling of the Cooperative Agreement.

D. Environmental Infrastructure Component - The objective of the Environmental Infrastructure Component is to make available a range of services to assist Asian countries and U.S. businesses to implement major environmental and energy-related infrastructure projects. Funding is not provided for actual construction. Approximately \$10,000,000 will be provided for support, as described below:

ENVIRONMENTAL INFRASTRUCTURE COMPONENT				
Activity Description	Implementing Mechanism	Method of Financing	FY 92 Obligation	Estimated LOP Cost
Financial Services	Buy-in to R&D/EN Private Sector Facility	Cost-reimbursement	\$ 500,000	\$2,500,000
Other Activities & Mission Buy-ins	To be Determined	To be Determined	\$0	\$7,500,000

E. US-AEP Secretariat - Total funds for the Secretariat component over the life-of-project are estimated to be \$15,000,000 as broken down below:

US-AEP SECRETARIAT				
Activity Description	Implementing Mechanism	Method of Financing	FY 92 Obligation	Estimated LOP Cost
Secretariat Coordination	TR&D Contract	Cost-reimbursement	\$2,500,000	\$8,000,000
Other USG Details (EPA, DOC, DOE)	PASA or 632(a) transfers	To be determined	\$ 600,000	\$3,650,000
Evaluation and Audit	IQC Delivery Orders	Cost-reimbursement	\$0	\$2,000,000

US-AEP SECRETARIAT				
Special Projects, Mission Buy-ins & New Component Development	To be determined	To be determined	\$0	\$1,350,000

A cost-reimbursable contract was signed with Tropical Research & Development (TR&D) on February 13, 1992 using Asia Bureau Environmental Support Project (ESP) funds (\$1,000,000) for pre-implementation activities. The purpose of the contract is to provide technical and management coordination services for the US-AEP through the US-AEP Secretariat.

TR&D services will be provided through a phased approach; Phase I consists of establishing a full service coordinating office in Washington, D.C. for the US-AEP, hiring core staff and providing logistical support for planning activities. Phase II of the contract will be defined at a later date, through written modification, based on consultations with the U.S. business and NGO community, as well as Asian opportunities. Future activities may include the development of a results tracking system and possible technical support to the Environmental Business Centers. The TR&D contract will be near fully funded in FY 92 with an incremental obligation of \$2,500,000 bringing total obligations to \$3,500,000. However, it is expected that the current level of effort of the contract will have to be extended for at least the first five years of the AEP. Therefore, the total estimated cost for TR&D (or a similar contractor if the decision of the AEP is to compete) is \$8,000,000.

The administrative and technical staff of the Secretariat will be augmented by executive level staff on detail from participating U.S. government agencies. EPA, the Department of Commerce and, possibly, U.S. Trade Representative, the Department of Energy, the Department of State and others will make available staff whose function will be to maintain the close coordination necessary between agencies and encourage AEP activities wherever possible. These individuals will travel extensively in Asia and the U.S. A.I.D. will fund the travel and support costs for at least five years. Total estimated cost for this activity is estimated at \$3,650,000.

\$2,000,000 has been reserved for evaluation and audit managed by the Secretariat. This is in recognition of the importance of results tracking and demonstration of impact by US-AEP. At least two full interim evaluations and one final evaluation are planned. In addition, evaluation of individual component activities is envisioned as appropriate over the life of the project. Costs for interim and final evaluations are estimated at approximately \$200,000 each, involving extensive travel throughout the region and substantial field time. \$200,000 will be used for smaller evaluations and environmental assessments, as necessary, and \$1,100,000 for audits

as recommended by the ASIA/FPM Controller. The US-AEP Project Committee will plan for and determine the implementation mechanisms for evaluations and audits. IQCs are the likely mechanism, although it is possible to execute a separate contract for all US-AEP evaluation.

Finally, funds are provided for the eventual design of new component activities and other special projects associated with the functions of the Secretariat. Additional details from other organizations, development of tracking and monitoring systems, and special studies are all possible uses. \$2,350,000 is budgeted for this purpose.

IV. Financial Plan

This section contains illustrative financial projections of the A.I.D. contribution to the US-AEP. Table VI.1 shows the obligation of funds by functional account. Table VI.2 presents an obligation schedule by component, and Table VI.3 is a projection of expenditure of funds by component.

Account	FY 92	FY 93	FY 94	FY 95	FY 96	Total
ARDN	9.2	-	2.0	2.0	1.0	14.2
EHR	1.7	7.0	5.0	10.0	12.0	35.7
HE	2.6	5.0	5.0	3.0	3.0	18.6
PSEE	1.5	8.0	8.0	10.0	4.0	31.5
TOTAL	15.0	20.0	20.0	25.0	20.0	100.0

Funds from four functional accounts will be used for the US-AEP. The preferred accounts are EHR and PSEE as they are most closely associated with the wide range of activities anticipated under the Project. However, it is quite appropriate to use ARDN and HE accounts as well. The use of ARDN funds for environment activities in all components, particularly for agro-industrial and biodiversity purposes, is appropriate. EHR funds should be directed principally toward Fellowships and Training activities, although ARDN and PSEE funds are appropriate for training of officials and business people representing agricultural and private sector interests, certainly within the expected audience of the US-AEP. FYs 92 and 93 are consistent with the Congressional Notification. Beyond that, it will be necessary to renotify.

Component	FY92	FY93	FY94	FY95	FY96	TOTAL
Tech Coop	1.5	6.0	4.0	3.0	1.5	16.0
Fellowships	5.5	5.0	5.0	9.0	10.5	35.0
Biodiversity	5.5	5.0	5.0	5.0	4.5	25.0
Infra-structure	0.5	1.0	5.0	3.0	0.5	10.0
Secretariat	2.0	4.0	1.0	5.0	3.0	15.0
TOTAL	15.0	20.0	20.0	25.0	20.0	100.0

Table VI.2, the obligation schedule, is illustrative of the anticipated funding levels for each component. Levels for the Fellowships & Training and Biodiversity Conservation Components are relatively higher than Technology Cooperation and Infrastructure due to the more limited prospects for contributions from the private sector. Particularly in the Infrastructure Component, US-AEP will leverage contributions through attribution and directly from multilateral funding institutions, Asian private sector and governments and other investment.

FY 92 obligations, which are estimated at \$15,000,000, will likely be delayed somewhat due to the late authorization of the US-AEP. In addition, there is some question as to whether \$15,000,000 will be available. However, this schedule reflects the best estimates available as well as the planning levels used for procurement planning, etc.

Line Item	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
Tech Coop	0.2	2.0	3.0	3.0	4.0	1.0	1.0	0.8
Fellowships	0.2	5.0	6.0	7.0	7.0	6.0	2.8	1.0
Bio-diversity	0.2	4.0	5.0	4.0	5.0	4.0	1.8	1.0
Infra-structure	0.1	0.5	3.0	3.0	2.0	1.0	0.4	0.0
Secretariat	0.5	3.0	3.0	3.0	3.0	1.5	0.5	0.5
Total	1.2	14.5	20.0	20.0	21.0	13.5	6.5	3.3

In projecting expenditures under the US-AEP, three things are considered: (a) current year guidance and future year forward funding guidelines differ in the desired rate of expenditure; (b) the US-AEP is a new and nontraditional A.I.D. project; and (c) the projections are merely that -- projections. To the extent possible at this early stage of project planning, the US-AEP expenditure projections are within the new guidelines. These are illustrated below:

Fiscal Year	Obligations	Cumulative Obligations	Expenditures	Cumulative Expenditures	Pipeline
92	15.0	15.0	1.2	1.2	13.8
93	20.0	35.0	14.5	15.7	19.3
94	20.0	55.0	20.0	35.7	19.3
95	25.0	80.0	20.0	55.7	24.3
96	20.0	100.0	21.0	76.7	23.3
97	0.0	100.0	13.5	90.2	9.8
98	0.0	100.0	6.5	96.7	3.3
99	0.0	100.0	3.3	100.0	0.0
TOTAL	100.0	100.0	100.0	100.0	0.0

Other Contributions to the US-AEP - Contributions to the US-AEP will also come from the U.S. and Asian private sector as well as participating Asian countries. Several mechanisms are envisioned: (1) AID-funded activities outside of the direct control of US-AEP, as other bilateral, regional or central energy and environment programs; (2) US-AEP-sponsored activities funded by other sources, such as NGOs or other USG agencies; and (3) US-AEP affiliated activities financed totally outside of the US-AEP, such as large-scale infrastructure projects implemented by U.S. companies. It is likely that attributed and affiliated contributions will comprise the largest portion of other USG participation. In any event, these will be tracked through a system developed and maintained by the US-AEP Secretariat.

An estimate of the contributions anticipated by Asian countries comprises the funds devoted to environmental infrastructure over the next five years; funds to which U.S. environmental businesses will have greater access as a consequence of the Partnership. This figure includes:

- * In Hong Kong, a \$2.56 billion, 10-year clean up plan was announced (Far Eastern Economic Review);
- * The Government of Korea is expected to spend \$5 billion over the next five years in environmental improvement (OECD);
- * Taiwan is planning to spend \$40 billion over the next five years on environmental clean up (OECD);
- * In the Republic of Korea, imports of pollution control equipment totalled about \$200 million in 1990, and the market is growing at about 12% annually (Far Eastern Economic Review).

V. Monitoring and Evaluation Plan

Monitoring and evaluation of the US-AEP will be the joint responsibility of the US-AEP Secretariat and ASIA/DR. As the US-AEP is a hybrid project - blending an Asia Bureau regional project and a mission project, the management structure differs from the ordinary. Management, monitoring and oversight will be the responsibility of a Project Committee, chaired by the DG/AEP or his designate. It will comprise members of the US-AEP Secretariat and the ASIA Bureau, as further described below.

The US-AEP Project Committee, chaired by the DG/AEP, includes representatives from ASIA/DR/TR, ASIA/FPM, ASIA/DR/PD, and GC/ASIA. The Project Committee complements the US-AEP Secretariat with required skills for implementation similar to a "REDSO" support office for a "Schedule B" mission in Africa. The function of the Project Committee is to ensure that A.I.D. procedures are followed and provide essential input in planning, review and implementation of the US-AEP. This includes: (a) clearance on component reservation documents (PIO/Ts, etc.); (b) preparation of periodic progress reporting; (c) budgetary and audit guidance; and (d) participation in review and approval of component workplans, contractor workplans, as appropriate. The Project Committee meets regularly and maintains close contact with contractor support and field missions.

For activities managed directly by the Secretariat (Technology Cooperation and Infrastructure Support), approval requires only the clearance of the Project Committee. However, for activities managed by ASIA/DR/TR, such as parts of the Fellowships and Biodiversity components, the additional clearance of the ASIA/DR Director is required in order to acknowledge and accept management responsibility.

As activities are proposed for funding in workplans, it will be the responsibility of the Project Committee to ensure that adequate analysis accompanies the development of

the sub-projects. This analysis will include, as appropriate, the types of feasibility analyses done for traditional project papers. Sub-project proposals will also be required to quantify outputs and link those outputs to the overall objectives of the US-AEP. In this way, the results tracking system will monitor individual activities within the overall framework of the Partnership.

The Secretariat, which oversees the entire US-AEP Initiative, is headed by a Senior Foreign Service Officer. The Secretariat has four USDH employees positions and will be supplemented by detailed US government staff and an administrative and technical support contractor, as described above.

The Secretariat, with contract assistance, will design a monitoring plan by the end of FY 92. This monitoring plan will include individual job descriptions and workplans for all USDH and contractor staff as well as plans for the development of the results tracking system and implementation plan. The monitoring plan will propose reporting procedures and fora for all organizations involved in the US-AEP. The Project Committee will participate, as appropriate in the development of this plan.

For reporting purposes, the US-AEP is considered an Asia Bureau Regional Project. As a consequence, Project Implementation Reports (PIRS) will be prepared on an annual or semi-annual, basis. PIRs for the US-AEP will be prepared in a format which meets the management needs of the Secretariat. This format will be included in the monitoring plan.

At least two interim evaluations are anticipated during implementation. Implementation evaluations will assess the extent to which components are operating effectively and will measure achievements. It is expected that these evaluations will require extensive regional travel and substantial field time. Funds for the interim evaluations are contained in the Secretariat Coordination component of the Project, and will be obligated through delivery orders under existing IQCs. Tentative dates for the interim evaluations are January 1994 and January 1996.

A final evaluation is scheduled for June 1999. The objective of this evaluation is to assess the sustainability of the US-AEP and report on accomplishments. The evaluation will be contracted through an existing IQC and is estimated to cost approximately \$200,000.

Funds have been reserved for the audit of implementing organizations and subgrantees. An audit schedule will be developed at the discretion of the Asia Bureau Controller at a later date. Approximately \$1,100,000 are reserved for this purpose.

ANNEX A

Initial Environmental Exam

Project Country : Asia Regional
 Project Title: U.S. - Asia Environmental Partnership
 Project Number : 499-0015
 LOP Funding : \$100,000,000 (grant)
 Funding Years : FYs 92 - 96
 IEE Prepared by : Denny F. Robertson, ASIA/DR/PD

Environmental Action Recommended:

Positive Determination _____
 Negative Determination _____
 Categorical Exclusion XXX

Project activities under the Fellowships & Training, Biodiversity Conservation and Secretariat components meet the criteria for Categorical Exclusion in accordance with 22 CFR Section 216.2 9(c)(2)(i). Funds are available under the Evaluation line item for Environmental Assessments, as required, for activities under the Energy and Environmental Infrastructure and Technology Cooperation Components.

Action Requested by: Phyllis Forbes
 Phyllis Forbes, ASIA/DR

Date: 5-20-92

Concurrence: M. Kux
 Molly Kux, ASIA/DR/TR
 Bureau Environmental Coordinator

Date: 5-18-92

**U.S. ASIA ENVIRONMENTAL PARTNERSHIP PROJECT
LOGICAL FRAMEWORK**

Project Narrative	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p><u>Project Goal:</u> to encourage sustainable development and maintenance of environmental quality in Asia.</p>	<p>1. Environment is featured as important geo-political issue in Asia; 2. Environmental improvements observed in Asia (air and water quality improvements, decreased rate of deforestation, new waste treatment facilities, etc.)</p>	<p>1. International Trade Policies 2. Trade Statistics; 3. International Environmental Data</p>	<p>1. Asian economies will continue to grow at pace which permits increased current and project investment patterns in energy and environment. 2. Asian trade policies will permit and encourage U.S. investment in Asia.</p>

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U.S. ASIA ENVIRONMENTAL PARTNERSHIP PROJECT LOGICAL FRAMEWORK

Project Narrative	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>Purpose: to assist Asian countries to restore, protect and preserve their fragile and rapidly deteriorating environmental systems through mobilization of U.S. private and public sector expertise and technology.</p> <p>Sub-purpose: to improve US coordination to energy and environmental issues in Asia.</p>	<p>End of Project Status: Changes in environmental quality, levels of U.S. trade/investment and USG programs in Asia, as further detailed below:</p> <ol style="list-style-type: none"> 1. Increased regional awareness of environmental issues; 2. Reduced rate of environmental degradation; 3. Improved policy framework in selected Asian countries encouraging sustainable, market-oriented solutions to energy and environmental issues; 4. Increased trade and investment dollars, and increased presence of U.S. firms in energy and environmental technology; 5. Increased USG agency staff devoted to Asian environmental issues; 6. Increased funding of other USG programs directed to environmental concerns. 	<ol style="list-style-type: none"> 1. U.S. and Asian trade statistics; 2. US-AEP Reports; 3. Global environmental statistics; 4. Independent evaluations; 5. OMB Reports; 6. Peace Corps, National Science Foundation, Forest Service Agency reports. 	<ol style="list-style-type: none"> 1. Public and private leadership will utilize knowledge and skills gained to make changes improving environment 2. Demand exists for U.S. environmental technology in Asia; 3. U.S. business community will pursue economic opportunities in Asia; 4. U.S.-produced technology is appropriate for Asia.

U.S. ASIA ENVIRONMENTAL PARTNERSHIP PROJECT LOGICAL FRAMEWORK

Project Narrative	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>Outputs:</p> <ol style="list-style-type: none"> 1. Key public and private sector leaders from the U.S. and Asia trained in resolution of energy and environment issues. 2. Increased competitiveness of U.S. private sector energy and environment firms in Asia. 3. Economic incentive structures and financially viable mechanisms promoting the preservation of Asia's land and water resources. 4. Increased U.S. share of energy and environmental infrastructure projects in Asia. 	<ol style="list-style-type: none"> 1.a. At least five (5) environmental business centers established throughout Asia 1.b. Sustainable Information and Assistance Systems to support U.S. business in Asia established 2.a. Approximately 200 fellowships granted annually to U.S. and Asians promoting energy and environmental issues 2.b. Approximately 50 business exchanges between U.S. and Asian private sector interests resulting in env and energy technology transfer 3.a. Approximately 30 R&D biodiversity grants annually 3.b. Financially sustainable network of information on biodiversity established 4.a. Approximately 2 new E&E infrastructure projects awarded to U.S. firms in Asia annually. 4.b. Approximately 20 new U.S. E&E firms establish Asian representation. 	<ol style="list-style-type: none"> 1. Project implementation reports; 2. Working Group Minutes; 3. Implementing organization reports 	<ol style="list-style-type: none"> 1. Outputs will eliminate or reduce barriers to increased U.S. trade with Asia; 2. Demand exists from Missions to buy-in to activities; 3. Other participating organizations and agencies make contributions.

U.S. ASIA ENVIRONMENTAL PARTNERSHIP PROJECT LOGICAL FRAMEWORK			
Project Narrative	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
Inputs: 1. Technology Cooperation Program 2. Fellowships Program 3. Biodiversity Conservation Program 4. Energy and Environmental Infrastructure Program 5. US-AEP Secretariat	1. A.I.D. - \$100 million 2. Private Sector - \$200 million (2:1 contribution) 3. Asian countries - \$50 million (1:2 contribution)		1. Appropriate implementation mechanisms can be identified in a timely fashion; 2. Inputs are available at the required time.

US-AEP Country Eligibility

As a Presidential Initiative comprising the activities of more than 20 U.S. government agencies, US-AEP country eligibility will be defined by the following list presented in a memorandum dated 16 March 1992, to E/C, Zoellick.

Participating countries and territories are: Bangladesh, Cambodia, China*, Fiji, Hong Kong, India, Indonesia, Kiribati, Laos, Macau, Malaysia, Maldives, Republic of the Marshall Islands, Federated States of Micronesia, Mongolia, Nepal, Pakistan*, Papua New Guinea, Philippines, Singapore, South Korea, Taiwan/AIT, Thailand*, and Vanuatu.

Countries **not** invited to participate: Burma, North Korea, Vietnam, Australia, Japan, New Zealand.

_____ * denotes countries where a legal opinion is required prior to initiation of activities.

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?

See attached note regarding country eligibility

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.

The US-AEP is designed to increase the flow of trade between the U.S. and Asia in the fields of energy and environmental technology. This is among the principal objectives of the Energy and Infrastructure and Technology Cooperation Components.

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).

US-AEP activities will stimulate interest in Asia among U.S. private sector interest by sponsoring business exchanges, fellowships, business centers, etc.

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)?

N/A

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

N/A

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.

See Above

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).

See Above

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.

N/A

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?

N/A

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?

45

(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?

(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?

(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?

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?

No

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.?

Yes, as necessary.

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?

Yes, unless approved with a waiver.

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).

N/A

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):

Yes

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?

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?

Yes

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.

Yes. This is a regional activity for that reason.

49-

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

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? No

b. Will any funds be used to lobby for abortion? No

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? No

21. **U.S.-Owned Foreign Currencies** N/A

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.

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?

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

49.

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? N/A

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? N/A

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

facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? Yes

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? Yes

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 Yes

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? Yes

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?

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?

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?

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?

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

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?

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)? No

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 propaganda 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**

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?

Yes

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

No

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)?

Yes

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.

US-AEP will support the economic growth successes of Asian countries and assist them to do so in a sustainable way which protects and preserves the environment.

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?

Yes

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

The transfer of appropriate technology will be assisted by activities in the Technology Cooperation Component, through the establishment of business centers, and the exchange of business contacts.

56

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

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):

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?

No

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?

No

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?

No

51

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? No

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? No

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? No

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? No

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? Yes

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)? There is an Agency setaside of 10% to which the US-AEP will adhere or exceed.

58

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?

Yes

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

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

Yes

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

Yes

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

No

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?

Yes

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?

Yes

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?

Yes

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

61

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

62

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?

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

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):

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.

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.

Biodiversity Conservation activities will support activities which are agriculturally-based and which directly affect the small farmer or user groups for agricultural natural resources. Research activities will be sponsored which meet the criteria and may be expected to involve small farmers.

By addressin the overall environmental issues in Asia, it is conceivable that overall nutrition levels will be improved, if not in the immediate term, then certainly in the medium to long-term.

64

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. Health funds will be used for sanitation and water delivery systems activities -- not infrastructure activities.

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.

Fellowships and Training activities will provide structured learning experiences for policy makers and private sector entrepreneurs in planning and implementation of effective environmental policy.

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:

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;

Funds will be used to support the development of a data base on basic environmental measures for use in measuring the effectiveness of the US-AEP. In addition, the Project will support information data bases for Biodiversity Conservation and Technology Cooperation.

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

Technical Cooperation is funded at a level of approximately \$12 million

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;

Biodiversity grants may be made for such activities.

e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance;

Biodiversity grants and the technology assistance fund envisioned under the Technology cooperation Component may fund such activities.

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.

US-AEP targets this type of activity

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?

2. **Military Purposes (FAA Sec. 531(e)):** Will this assistance be used for military or paramilitary purposes?

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).)

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).)

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?

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?

Yes

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29