

PD-ABF-380  
15N 81082

**ACTION MEMORANDUM FOR THE DIRECTOR, REGIONAL MISSION FOR EUROPE**

FROM: EUR/DR, C. Ross Anthony  
EUR/RME/DD, Robert Nachtrieb

*Kaufschultz 5/14/92*  
*SEN 5/6/92*

SUBJECT: Request for Authorization  
Political and Social Process Project (180-0021)

**ISSUE:** You are requested to approve the consolidation of the Political Process Project (180-0017) and the Social Process and Cultural Pluralism Project (180-0021) by authorizing the Political and Social Process Project (180-0021) for a life-of-project (LOP) funding level of \$28 million, increasing the LOP funding of the original Social Process and Cultural Pluralism Project by \$22.75 million, with the initial obligation in FY 1992 under the terms presented in this Action Memorandum and its attachments hereto, pending expiration of the CN. The Project Assistance Completion Date (PACD) will be extended by 2 years to March 22, 1996, making it almost four years from the date of this authorization.

**BACKGROUND:** The Political Process Project (180-0017) was authorized on February 15, 1991, with an LOP funding of \$8.3 million and PACD of February 15, 1994 (Attachment A). The project was amended on August 30, 1991, increasing the LOP funding by \$3.2 million to a total of \$11.5 million and increasing the PACD to October 15, 1994 (Attachment B). Subsequently, the LOP was increased by \$700,000 to a total of \$12.2 million through the Authorization providing LOP funding increases for assistance to the Baltic States (Attachment C).

The Political Process Project supports the political infrastructure necessary for a pluralistic, multi-party political system: political parties, independent trade unions, NGOs prepared to contribute to community self-help and the like.

The Social Process and Cultural Pluralism Project (180-0021) was authorized on March 22, 1991, with an LOP funding of \$5.25 million and PACD of March 22, 1994 (Attachment D). The project was amended on August 13, 1991, to implement a minority training program and to allow reprogramming of funds between project components with no change in total authorized funding (Attachment E).

The Social Process and Cultural Pluralism Project supports the social and cultural foundations of a democracy including support for a democratic, civil society, for the intellectual and emotional understanding of democracy and for the peaceful resolution of communal disputes.

Both projects were reviewed and approved by the interagency committee on December 12, 1990.

DISCUSSION: Implementation of the Political Process Project (180-0017) and Social Process and Cultural Pluralism Project (180-0021) in Eastern Europe has demonstrated the need to combine these projects. Treatment of these areas as separate activities has not been compatible with grant proposals and reasonable programs which bridge these two projects. Additional time is also required to complete the activities.

Consequently, it is proposed that the two projects be consolidated with the activities as indicated below. In addition, this authorization will extend the time frame of the former projects by two years.

- 1) Educational Reform: This component supports educational reform, including curricular reform of history, economics, and civics syllabi, as well as direct support for educational institutions teaching courses that are part of a reformed curriculum. Student councils and student newspapers may be supported, and teachers may be trained in democratic principles.
- 2) Civic Education and Minority Issues: This component addresses minority issues and the peaceful, democratic resolution to communal conflict. Civic education is supported so that the rights, responsibilities, and limitations of individuals and groups will be recognized.
- 3) Books for Democracy: This activity funds the costs of providing books and supplemental material relating to the principles and philosophical bases of democracy and market economics.
- 4) Election-Related Assistance: Election-related assistance activities include: a) election monitoring to allow independent, international election observer teams to monitor elections in Eastern European countries if conditions support such observation; b) development of electoral institutions by establishing independent election commissions, drafting new election statutes, and developing general mechanisms to ensure free, open, and fair multi-party elections; and, c) providing development assistance to political parties and non-governmental organizations through which citizens can effectively express their political views and interests. As of the date of this

Action Memorandum, it is not possible to predict with certainty the precise level of FY 1993 funding for this component of the Project; the \$5 million estimate is a reasonable approximation for all activities expected in this component during FY 1993. Actual obligations for this activity will be approved by you or your deputy through the pio/t clearance process. The total level of funds authorized will allow quick response when necessary without having to amend the authorization on short notice.

5) Citizens' Networks: A small grants fund provides assistance to U.S. NGOs in supporting development of citizens' networks and indigenous NGOs in Eastern Europe.

6) Trade Unions: A grant amendment to the AFL/CIO's Free Trade Union Institute to support indigenous, independent democratic labor unions, particularly their political participation in the transition to democracy in Eastern Europe.

To complete the revised activities, the PACD will be extended by two years to March 22, 1996. An extension is necessary so that the project's objectives of political and social development might be achieved in each of the Central and Eastern European countries. While some countries such as Poland, Hungary and Czechoslovakia have developed quite well in this area, a great deal of work remains to be done in countries such as Romania and Albania.

BUDGET: The following budget is illustrative. The figures contained in this budget have been transferred from the individual budgets of the Social Process and Cultural Pluralism Project (180-0021) and the Political Process Project (180-0017). Some flexibility must be maintained regarding priority-based redirection of funds between line items. Figures are in hundreds.

	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>Total</u>
Minority Issues	1,200	-----	1,000	2,200
Educational Reform	2,050	3,025	3,000	8,075
Books	2,000	1,500	1,500	5,000
Election/Pol. Orgs.	-----*	2,450	4,750	7,200
Citizens' Networks	-----*	500	775	1,275
Trade Unions	-----*	<u>1,750</u>	<u>2,500</u>	<u>4,250</u>
TOTAL	5,250	9,225	13,525	28,000

\*\$6.5 million in FY 1991 funds was obligated under the Election/Political Organizations component of the Political Process Project (180-0017); \$2 million in FY 1991 funds was obligated under the Citizens' Networks component; and \$3.3 million in FY 1991 funds was obligated under the Trade Unions

Component of the Political Process Project (180-0017). Those numbers are not reflected here because those obligations will remain under the Political Process Project (180-0017) until the funds have been expended.

IMPLEMENTING DETAILS:

(a) Congressional Notification (CN)

A CN for this activity was submitted to the Hill on March 24, 1992 (Attachment F) and expired on April 8, 1992.

(b) Host Country Duties/Taxes

A.I.D. shall seek to ensure that funds are not used to pay host country duties/taxes. A.I.D. anticipates concluding bilateral agreements in the near future with those Eastern European countries which will, inter alia, provide such exemption for A.I.D.-financed goods and services. Until such agreements are in place, however, this matter will be handled on an ad hoc basis.

(c) Initial Environmental Examination

There is no negative or substantive impact on the environment resulting from this activity. This project qualifies for a categorical exclusion because it supports the institutionalization of the democratic processes in Eastern Europe through technical assistance and training. A.I.D. assistance for education, technical assistance and training programs are generally categorically excluded from environmental examination under 22 CFR 216 Environmental Procedures in Sections 216.2(c)(1)(i) and 216.2(c)(2)(i). The Initial Environmental Examination/Categorical Exclusion is provided at Attachment G.

(d) Grant/Contract Solicitation Procedures

Activities are ongoing under agreements with USIA and through direct A.I.D. implementation. At the appropriate time, a determination will be made regarding whether to implement through USIA, A.I.D. or a more appropriate mechanism.

Funds will be transferred to USIA via interagency agreements pursuant to Section 632 of the Foreign Assistance Act of 1961, as amended. The interagency agreements with USIA will explicitly state that USIA cannot use these funds allocated for Eastern Europe for activities in the former republics of the Soviet Union.

Funds granted directly by A.I.D. will be done so in accordance with the procedures in Handbook 13.

(e) Source/Origin/Nationality

Funds will be used to procure or obtain goods and services whose source, origin, or nationality is the United States, except in the event a procurement does not exceed \$5,000, in which case a waiver is not required for procurement of goods or services from code 935 (see Attachment H).

Funds used to procure goods and services under individual grants shall be in accordance with Handbook 13.

(f) Evaluation

Those parts of this project implemented under the direction of USIA will be evaluated directly by USIA and by the Office of the Special Advisor for Eastern European Assistance to the Deputy Secretary of State and by A.I.D. in accordance with the terms of the interagency agreement. The program of each grantee or transferee will be subject to its own evaluation procedures and to evaluation by the Office of the Special Advisor for Eastern European Assistance to the Deputy Secretary of State, by A.I.D. or by independent evaluators selected by A.I.D. The entire program will be formally reviewed by A.I.D. no less than once each fiscal year.

(g) Audit

The audit and inspection requirements of the Inspector General Act of 1978, as amended, shall apply hereto, and the Office of the Inspector General, Agency for International Development, shall ensure full compliance with all applicable provisions thereof.

(h) Reports

USIA will submit to A.I.D. quarterly, financial and narrative program reports on the progress of program activities as stated in the interagency agreement. Individual A.I.D. grants to other entities will also stipulate quarterly reporting requirements to A.I.D.

(i) Monitoring

EUR/DR/DPI will monitor project progress through review of project reports, periodic meetings with grantees, and the formal evaluation mentioned under the evaluation section above.

AUTHORITY: Chapter 1, Part I of the Foreign Assistance Act of 1961, as amended, Title II of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991, and Public Law 102-266, "The Continuing Resolution". Additionally,

under delegation of authorities to the Director, Regional Mission for Europe, signed by the Assistant Administrator, Bureau for Europe and Near East, on September 11, 1991, providing the authority to approve authorizations for projects with life-of-project funding not exceeding \$50 million.

RECOMMENDATION:

(a) That by your signature below, you approve the consolidation of the Political Process Project (180-0017) and the Social Process and Cultural Pluralism Project (180-0021) by authorizing the Political and Social Process Project (180-0021) for a life-of-project funding level of \$28 million with the initial obligation in FY 1992 under the terms presented in this Action Memorandum and its attachments hereto. The Project Assistance Completion Date (PACD) will be extended by 2 years to March 22, 1996, making it almost four years from the date of this authorization.

(b) That by your signature on the Initial Environmental Examination/Categorical Exclusion (Attachment G), you approve the categorical exclusion of this project from environmental examination under 22 CFR 216 Environmental Procedures in Sections 216.2(c)(1)(i) and 216.2(c)(2)(i).

Approved: F. L. O'Connell

Disapproved: \_\_\_\_\_

Date: 5/6/92

Attachments:

- ~~A. Project Authorization for Political Process Project (180-0017)~~
- ~~B. Authorization Amendment #1: Political Process Project~~
- ~~C. Authorization for LOP Funding Increases Required for the Baltic States~~
- ~~D. Project Authorization for Social Process and Cultural Pluralism (180-0021)~~
- ~~E. Authorization Amendment #1: Social Process and Cultural Pluralism~~