

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

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D.C. 20523

PROJECT PAPER SUPPLEMENT

AND

PROJECT AUTHORIZATION AMENDMENT NO. 5

INDONESIA
DEVELOPMENT STUDIES PROJECT
497-0340

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



JAKARTA

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

ACTION MEMORANDUM TO THE MISSION DIRECTOR

FROM : Malcolm J. Purvis, EPSO *Malcolm J. Purvis*

THRU : Philip-Michael Gary, D/DIR *PMG*

SUBJECT : Approval of Authorization Amendment No. 5 to the
Development Studies Project (497-0340)

Problem: Your approval is required to amend the Development Studies Project (DSP) authorization to extend the Project Assistance Completion Date (PACD) by two years to June 30, 1995 and to permit additional funding in the amount of \$1.5 million for the project raising the total grant to \$20.0 million, as described in the attached PP Supplement.

Background: DSP Phase I began in 1983 to help the Government of Indonesia's (GOI) National Development Planning Agency (BAPPENAS) conduct small local research activities with no single topic exceeding \$200,000. In June, 1984 a four-year direct contract for \$5.4 million was signed with the Development Economics Group, a joint venture between Development Alternatives, Inc. and the Boston Institute for Developing Economies to provide technical assistance and limited commodity procurement in support of DSP. In May, 1986 BAPPENAS requested a more involved and more direct relationship so that BAPPENAS could receive day-to-day advice from long-term advisors on economic policy reform and implementation.

Consequently, in June, 1986 the DSP Project Paper (PP) was amended to add a very different component, Phase II, which called for (a) U.S. economic and statistical advisory services to BAPPENAS and the Central Bureau of Statistics (BPS) and (b) the extension of the PACD to June 30, 1991. It was intended at the time of the 1986 PP amendment that, if Phase II were successful, DSP would be further extended for an additional two years.

In April, 1988 new Cabinet Ministers were appointed subsequent to national elections held in May, 1987. The new incoming BAPPENAS Minister and staff had significantly different ideas on how to organize and administer DSP assistance. The project's implementation had to be adjusted rather dramatically and eventually led to the departure of the chief-of-party of the technical assistance contractor. While this change was by no means fatal, it slowed implementation considerably for well over a year.

After this slow start, DSP Phase II proved to be extremely successful and on August 7, 1990, the Mission and the GOI extended the project to June 28, 1993.

Discussion: DSP Phase II works directly with BAPPENAS, one of the key ministries and the architect of the GOI's five-year plans and twenty-five year strategic outlook. Phase II is a very important and useful means of assisting BAPPENAS to build a better long-term base for policy making and to advance its policy reform agenda. In addition, the project has been, and will continue to be, an important and valuable means to help BPS improve its data bases and strengthen its capacity to serve BAPPENAS, other parts of the GOI, and the intellectual community with the kinds of reliable and valid data needed to undergird policy formulation.

The February, 1992 evaluation of DSP concluded that "...the project is an unusually effective foreign assistance instrument with potentially great multiplier effects. It provides policymakers with analytical findings that are of immediate utility for the formulation of policy."

A. Rationale To Extend the PACD

The current BAPPENAS Minister and his staff will remain in office three more months until April, 1993 when a new team will assume control of policy making at BAPPENAS. The current authorized PACD for DSP is June, 1993. If USAID and the departing BAPPENAS staff were to design a follow-on project now, we would have to assume that the next BAPPENAS Minister would endorse both the design of the follow-on project and the selection of the contractor. In practical terms, USAID cannot authorize a new project and select a new technical assistance contractor in three months: April through June, 1993.

We do not wish to repeat the mistakes of the past. It would be politically inappropriate and potentially disruptive to design a new economic policy project prior to the formation of the new Cabinet in April, 1993. The timing of discussions for a follow-on project and its design are critical to the continuity and credibility of our economic advice to the GOI. To avoid being put in the same position as previously, an extension of the DSP project is warranted.

We recommend an extension of the PACD by two years to June 30, 1995 so that the new BAPPENAS Minister can collaborate fully in the design of the follow-on project tentatively known as the Development Policy Assistance Project (DPAP) (497-0381).

2

B. Rationale to Increase the Life-of-Project to \$20.0 Million

In February, 1992 the Mission analyzed the DSP mortgage, pipeline, and average expenditure rate in relation to funding needs to extend the PACD to December, 1994. While some of the expenditures beyond the current PACD can be absorbed within the existing \$18.5 million authorization, not all can be. An additional \$1.5 million in FY 1993 funds will be needed to fully fund the contract extension. The extension would allow up to \$2.44 million to be added to the technical assistance contract currently committed at the level of \$12.44 million.

Authority: March 25, 1992 the AA/ASIA delegated to the USAID/Indonesia Director ad hoc authority to extend the PACD of the Development Studies Project up to June 30, 1995 and concurred in the Director's exercise of standing delegated authority to increase the project's authorized life-of-project to \$20.0 million.

Recommendation: That you approve an amendment to the Development Studies Project (497-0340) to extend the PACD to June 30, 1995 and to authorize additional funding for the project in the amount of \$1.5 million, raising the total grant to \$20.0 million, by signing below and in the space provided on the attached Project Data Sheet and Project Authorization Amendment No. 5.

Approved : *Philip Michaelson*
Disapproved : _____
Date : *8 February 1993*

Attachment: PP Supplement

Clearances:

EP SO:MNorris *mn* Date *2-4-93*
PPS:NGreeley *NS* Date *2/4/93*
RLA:PScott *PS* Date *2/5/93*
FIN:CChristensen *cc* Date *2/8/93*

cb
Drafted: PPS:GB:am 10/5/92

PROJECT AUTHORIZATION AMENDMENT NO. 5

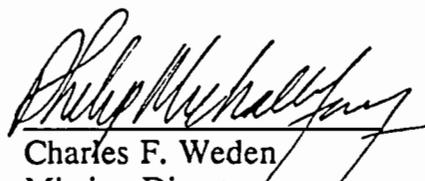
INDONESIA

DEVELOPMENT STUDIES PROJECT
PROJECT NO. 497-0340

1. Pursuant to Sections 103 and 106 of the Foreign Assistance Act, as amended, the Development Studies Project for Indonesia was authorized on June 8, 1983. That Authorization was amended on May 28, 1985, on June 6, 1986, on April 30, 1988, and on August 4, 1990. That Authorization is hereby further amended as follows:

Paragraph 1 is amended to authorize total obligations of not to exceed \$20,000,000 in grant funds for the Project. The additional funding authorized herein is planned for obligation in 1993, subject to availability of funds in accordance with the A.I.D. OYB/allotment process. The Project Assistance Completion Date is extended to June 30, 1995.

2. Goods and services financed by A.I.D. from the additional funding authorized by this amendment shall have their source, origin, and nationality in the United States, except as otherwise authorized under A.I.D. procurement policies or as A.I.D. may otherwise agree in writing.
3. The Cooperating Country will covenant and agree that none of the grant funds provided under the project will be expended for any assistance activity prohibited by Section 599 of the FY93 Appropriations Act.
4. Except as hereby revised, the project authorization is unchanged and, as amended, remains in full force and effect.


Charles F. Weden
Mission Director

8 February 1993

Date

Clearances:

PPS:GBricker	<u>CB...</u>	date	<u>2/4/93</u>
EPSO:MNorris	<u>[Signature]</u>	date	<u>2-4-93</u>
EPSO:MPurvis	<u>[Signature]</u>	date	<u> </u>
PPS:NGreeley	<u>MS</u>	date	<u>2/4/93</u>
RLA:PScott	<u>PMS</u>	date	<u>2/5/93</u>
FIN:CChristensen	<u>[Signature]</u>	date	<u>2/8/93</u>
DD:PMGary	<u> </u>	date	<u> </u>

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input checked="" type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number Five	DOCUMENT CODE 3
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2. COUNTRY/ENTITY INDONESIA	3. PROJECT NUMBER 497-0340
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4. BUREAU/OFFICE ASIA	5. PROJECT TITLE (maximum 40 characters) DEVELOPMENT STUDIES PROJECT
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6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 06 30 95	7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4) A. Initial FY <u>83</u> B. Quarter <u>3</u> C. Final FY <u>93</u>
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8. COSTS (\$000 OR EQUIVALENT \$1 = Rp. 2,050)						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(1,060)	(700)	(1,760)	(14,194)	(5,806)	(20,000)
(Loan)	()	()	()	()	()	()
Other U.S.						
1.						
2.						
Host Country		587	587		7,541	7,541
Other Donor(s)						
TOTALS	1,060	1,287	2,347	14,194	13,347	27,541

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) FN				11,197				11,197	
(2) SD				7,303				7,303	
(3) DF						1,500		1,500	
(4)									
TOTALS				18,500		1,500		20,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	11. SECONDARY PURPOSE CODES
--	------------------------------------

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code B. Amount	
---	--

13. PROJECT PURPOSE (maximum 480 characters)

To strengthen the analysis of selected policy and program issues related to Indonesian development, thereby strengthening Indonesian policy formulation, program design, and resource use.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 01 90 02 92 10 94	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify)
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)

This amendment secures additional A.I.D. funding in the amount of \$1.5 million for the Project and extends the Project Assistance Completion Date to June 30, 1995. The additional funds will be added to the technical assistance component of the project in the form of long- and short-term experts and consultants to provide technical advice to the GOI in the areas of industry, trade, employment, regional economic issues.

17. APPROVED BY	Signature: <i>[Signature]</i> Title: MISSION DIRECTOR	Date Signed: MM DD YY _____	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENT'S, DATE OF DISTRIBUTION MM DD YY _____
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PROJECT PAPER SUPPLEMENT
DEVELOPMENT STUDIES PROJECT

497-0340

1. PURPOSE OF THE SUPPLEMENT

The purpose of this project paper supplement is to increase the current life of project funding of the Development Studies Project (DSP) by \$1.5 million and to extend the project for an additional two years in order to continue the high-level policy advisory work at BAPPENAS. The project purpose and goal are unchanged. The implementation and financial plans are revised by this supplement as described in Sections 3 and 4 below. The Project Paper (as amended) is otherwise unchanged.

2. BACKGROUND AND RATIONALE

The DSP began in 1983 as a studies project to support small local research activities with no single activity exceeding \$200,000. In 1986, the project was amended to add a very different component (DSP II), U.S. economic advisory services to BAPPENAS and the Central Bureau of Statistics (BPS). A four year contract was signed with Developing Economies Group (DEG), a joint venture between Development Alternatives Incorporated (DAI) and the Boston Institute for Developing Economies. In May, 1986 BAPPENAS requested a more involved and more direct relationship so that BAPPENAS could receive day-to-day advice from long-term advisors on economic policy reform and implementation.

Consequently, in June, 1986 the DSP Project Paper (PP) was amended to add a very different component, Phase II, which called for (a) U.S. economic and statistical advisory services to BAPPENAS and the Central Bureau of Statistics (BPS) and (b) the extension of the PACD to June 30, 1991. It was intended at the time of the 1986 PP amendment that, if Phase II were successful, DSP would be further extended for an additional two years.

In April, 1988 new Cabinet Ministers were appointed subsequent to national elections held in May, 1987. The new incoming BAPPENAS Minister and staff had significantly different ideas on how to organize and administer DSP assistance. The project's implementation had to be adjusted rather dramatically and eventually led to the departure of the chief-of-party of the technical assistance contractor. While this change was by no means fatal, it slowed implementation considerably for well over a year.

After this slow start, DSP Phase II proved to be extremely successful and on August 7, 1990, the Mission and the GOI extended the project to June 28, 1993. The February, 1992 evaluation of DSP concluded that "...the project is an unusually effective foreign

assistance instrument with potentially great multiplier effects. It provides policymakers with analytical findings that are of immediate utility for the formulation of policy."

Timing is critical to the continued success of DSP Phase II and the design of a follow-on project. The GOI electoral system is such that the cabinet serves five year terms. Thus, the current Minister and his staff at BAPPENAS will remain in office until April 1993 at which time a new team will be appointed. The future composition of the cabinet cannot be predicted.

The current PACD for the project is June 1993. If the Mission were to design a DSP follow-on project such that there were no break in advisory services, a new project would have to be designed now, i.e., undertaken with the current cabinet. This is a high risk venture since the new cabinet might not approve of the design thus resulting in a repeat of the scenario which transpired when the Mission amended DSP II in 1986.

This Supplement therefore extends the PACD of the project by 2 years so that the design of a new DSP can begin once the new cabinet is in place.

This continuation of DSP for a further two years is also justified in terms of its actual and potential impact: the Government of Indonesia is probably unique in the developing world in its acceptance and use of American technical assistance. The U.S. is the GOI's country of reference for economic policy ideas and analysis. DSP provides high level U.S. technical assistance to the Planning Ministry with the aim of improving the Ministry's access to sound policy analysis and advice, and strengthening its own capacity to conduct such analysis. USAID wishes to continue to provide this support to the Government of Indonesia.

3. REVISED IMPLEMENTATION PLAN

This supplement principally affects the technical assistance component of the project. Using funds currently available from the existing LOP plus the additional funds under this Supplement, the following technical assistance will continue to be provided to support the project through the remaining life of the project (October 1992 - June 1995):

- a. a chief of party to work with BAPPENAS top leadership on general economic policy issues;
- b. up to three long-term advisors to work directly with the BAPPENAS deputies for economic affairs; fiscal and monetary affairs; manpower and natural resources development and regional and local development;
- c. one long-term advisor at BPS;

- d. 40 person-months of short-term technical assistance;
- e. one long-term data analyst; and
- f. research assistance.

The roles of the above advisors remain the same as those described in the 1990 PP Supplement.

The Project will continue to make use of the existing funds in the research and commodities line item of the budget for purposes described in Section 6B and 6C of the 1990 PP Supplement. Funding for research and commodities will continue to be directly administered by BAPPENAS under PIL 102 issued on May 3, 1991 which lays out the procedures for use of the funds. It is anticipated that no new funds will be provided for the research and commodities elements of the project. Funds remaining under the current budget would be expended during the extension period.

The project was last evaluated in February, 1992. A final evaluation will be conducted at the end of 1994 (first quarter of FY95).

Contracting Mode:

Procurement of the above technical assistance will be implemented by non-competitively amending the existing contract between USAID and Development Economics Group (DEG) to include the work to be performed under this extension of the project. For this purpose, the Mission has obtained A.I.D./W approval of a non-competitive waiver (see Annex B).

Outputs:

To date, the DSP Phase II has produced 147 reports consisting of 8 Special Studies, 19 Policy Memos/Papers, 69 Research Memos/Papers, 38 Statistical Papers and 13 Planning documents. With this extension, it is anticipated that an additional 2 Special Studies, 10 Policy Memos/Papers and 20 Research & Statistical Papers will be undertaken.

4. SECTION 599 CONSIDERATIONS

The additional funding to be authorized by the amendment will be obligated in FY93. FY93 funding is subject to the restrictions set forth in Section 599 of the FY93 Appropriations Act, which prohibits the obligation and expenditure of FY93 funds for any assistance which would 1) provide a financial incentive to any business enterprise located in the United States to relocate productive facilities overseas when such would result in the loss of jobs in the U.S.; 2) assist with the establishment or development of export promotion zones; or 3) contribute to the violation of internationally recognized

workers' rights. AID has determined as a matter of policy that similar restrictions will be applied with regard to activities funded from prior year funds.

DSP studies and research in the past have primarily focused on macro-economic data gathering and analyses and it is not anticipated that the project will provide assistance in any of the proscribed areas. The project was designed, however, as a flexible means of providing policy formulation support and to be responsive to GOI needs as identified from time to time. Consequently, we cannot rule out the possibility that a request for technical assistance might be made in the future which could fall within one of the problem areas.

In order to assure compliance with Section 599, two steps will be taken: 1) the next project grant agreement amendment will add a new covenant to the agreement which advises the GOI that assistance in these areas is prohibited; and 2) in the next amendment to the DEG contract, a provision will be added alerting the contractor to these restrictions and requiring prior AID review and approval for any activity under the contract which might constitute a violation of Section 599 or related AID policy guidance. The conduct of specific research activities outside of the DEG contract is already subject to prior AID review and approval; accordingly, review of those activities to assure Section 599 compliance will be done as part of that on-going approval process and prior to any AID commitment of funds for the activity.

5. REVISED BUDGET AND FINANCIAL PLAN

This Supplement increases the LOP Authorization by a total of \$1.5 million, increasing the USAID grant to \$20 million. Total funding available to cover the remaining costs of the project with the extension through June 1995 will be \$4.21 million, consisting of funds estimated to be available from current LOP of the amount of \$2.71 million and \$1.5 million from this Supplement.

The total GOI counterpart contribution remains \$7.541 million or 27.3 percent of the total project cost. The total life of project cost is therefore \$27.541 million composed of \$20 million grant funding and \$7.541 million GOI counterpart contribution.

Table I provides a summary of the technical assistance input, cost estimates for the technical assistance through the remaining life of the Project, and the funding available with this Supplement. Table II presents the DSP II planned project expenditures from October, 1992 through June, 1995. Table III presents the revised total project financial plan for USAID funding.

- Annex A. ASIA Bureau Delegation of Authority
- Annex B. Waiver of Full and Open Competition
- Annex C. Initial Environmental Examination Determination
- Annex D. Statutory Checklist

Table I

A. TECHNICAL ASSISTANCE INPUT
FOR PERIOD: 10/92 - 6/95

Technical Assistance:	FY 92/93 (12 mo) <u>(p.mo)</u>	FY 93/94 (12 mo) <u>(p.mo)</u>	FY 94/95 (9 mo), thru June 1995 <u>(person month)</u>	Total <u>(p.mo)</u>
Long-Term Advisors	72	60	27	159
Short-Term Advisors	20	15	5	40
Research Assistants	<u>30</u>	<u>21</u>	<u>9</u>	<u>60</u>
T O T A L:	122	96	41	259

B. UNIT COST ESTIMATES
FOR PERIOD: 10/92 - 6/95

Long-term	159 p.mos = 13.25 person-years @ \$250,000/yr 13.25 x \$250,000	\$3,312,500
Short-term	40 person months @ \$20,000/month	\$ 800,000
Research Assistants	60 p.mos = 5 person-years @ \$20,000/yr 5 x \$20,000	\$ 100,000
		<u>\$4,212,500</u>

C. FUNDING FOR TECHNICAL ASSISTANCE
FOR PERIOD 10/92 - 6/95

Funds remaining in current DEG contract 10/92	\$ 1,731,500
Funds remaining in current LOP (FY93 obligation)	441,000
Funds unearmarked under Technical Assistance line item	540,000
Funds to be received by this Supplement	\$ 1,500,000
	<u>\$ 4,212,500</u>

Table II

**DSP II PROJECTION OF EXPENDITURES*
BY
FISCAL YEAR**

	<u>FY</u> <u>92/93</u>	<u>FY</u> <u>93/94</u>	<u>FY</u> <u>94/95</u> (thru June 1995)	<u>TOTAL</u>
Technical Assistance:				
Long-Term	1,500,000	1,250,000	562,500	3,312,600
Short-Term	400,000	300,000	100,000	800,000
Research Assistants	<u>50,000</u>	<u>35,000</u>	<u>15,000</u>	<u>100,000</u>
Total TA	1,950,000	1,585,000	677,500	4,212,500
Commodities	100,000	88,000	0	188,000
Research	250,000	200,000	50,000	500,000
Evaluation	0	0	40,000	40,000
Contingency	50,000	50,000	41,000	141,000
	<u>2,350,000</u>	<u>1,923,000</u>	<u>808,500</u>	<u>5,081,500</u>

* Including DSP pipeline as of September 30, 1992

Table III

REVISED FINANCIAL PLAN
USAID FUNDING
(Figures in \$000)

<u>Activity</u>	<u>Previous USAID Funds</u>	<u>USAID Funds w/Supplement</u>
1. Technical Assistance	13,125	14,625
2. Research	4,362	4,362
3. Seminars/Workshops	58	58
4. Commodities	743	743
5. Administrative Support	0	0
6. Evaluation	71	71
7. Contingency	141	141
	<hr/>	<hr/>
TOTAL	18,500	20,000

ANNEX A

ASIA Bureau Delegation of Authority

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ACTION AID 3 INFO DCM SCOT ~~inhibitor~~

VZCZCJA0920
RR RUEHJA
DE RUEHC #2766 08508
ZNR UUUUU ZZH
R 250850Z MAR 92
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA 355
BT
UNCLAS STATE 092766

AIDAC FOR USAID

E.O. 12356: N/A

TAGS:

SUBJECT: INDONESIA DEVELOPMENT STUDIES PROJECT (497-0340)
EXTENSION BEYOND TEN YEARS

REF: (A) JAKARTA 01998, (B) JAKARTA 01035, (C) JAKARTA
03207

AA/ASIA HEREBY DELEGATES TO THE DIRECTOR USAID/INDONESIA
AD HOC AUTHORITY TO EXTEND THE PROJECT ASSISTANCE
COMPLETION DATE (PACD) FOR THE DEVELOPMENT STUDIES PROJECT
UP TO JUNE 30, 1995. THE MISSION DIRECTOR MAY DETERMINE
SHORTER PACD EXTENSION(S) AS APPROPRIATE. BY THIS
DELEGATION OF AUTHORITY, AA/ASIA CONCURS WITH THE MISSION
DIRECTOR EXERCISING STANDING DELEGATED AUTHORITY TO
INCREASE THE PROJECT AUTHORIZATION TO DOLS 20 MILLION.

MISSION SHOULD BE AWARE THAT ADDITIONAL FUNDS REQUIRED
WILL HAVE TO COME FROM YOUR OYB. MISSION IS ALSO REMINDED
THAT OYBS ARE LIKELY TO BE BELOW REQUEST LEVELS IN THE
IMMEDIATE FUTURE. BAKER

BT
#2766

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STATE 092766

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ANNEX B

Waiver of Full and Open Competition

Agency for International Development
Washington, D.C. 20523

ASIA/DSP-Indonesia/92-02

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR,
BUREAU FOR ASIA

FROM: ASIA/DR, Phyllis Forbes

SUBJECT: Indonesia - Development Studies Project (497-0340) -
Waiver of Competition

Action: Your waiver of full and open competition in extending the existing contract under the Development Studies Project (DSP) from June 30, 1993 to December 31, 1994. The extension would allow up to \$3 million to be added to the existing \$12.5 million contract.

Background: The DSP assists the Government of Indonesia (GOI) to evaluate existing trade, industrial, and employment policies and strategies. A 1986 amendment added advisory services to the national planning agency (BAPPENAS) and the Central Bureau of Statistics. An A.I.D. direct contract was signed in 1986 for these services.

Earlier this year, the Mission proposed to extend the Project Assistance Completion Date (PACD) to phase in to the five-year term of Cabinets under the Indonesian electoral system. The current BAPPENAS minister and staff will be replaced in April 1993. You authorized the PACD extension in March 1992, allowing the project to be extended until June 30, 1995. This was done so that Mission could design a new project with the new cabinet without a break in advisory services.

Discussion: The Mission now proposes an 18-month extension of the contract, no. 497-0340-C-00-7104-00, with the Development Economics Group (DEG), a joint venture between Development Alternatives Incorporated (DAI) and the Boston Institute for Developing Economies (BIDE). This is required to match the period of U.S. technical assistance to the planning ministry and the timing of the design of a new project with the change in the Indonesia Cabinet, thus fulfilling our foreign assistance objectives with respect to this Project.

The Mission plans to maintain the incumbent contractor during the remainder of the current project. A quality relationship has developed between the contractor and BAPPENAS and the extension will allow for the continuation of this relationship even with the new Cabinet. Further, this would allow the current contractor to continue providing advisory services during this

transition period of Cabinet and staff changes and to allow time for a follow-on project to be designed with the next Cabinet before the contractor is replaced. If the Mission replaces the contractor as now scheduled in June 1993, both the Cabinet and the contractor will be new during the remainder of the project. An unacceptable inevitable consequence of this would be the slowing down of current project implementation. This would impair our foreign assistance objectives in Indonesia. We therefore recommend a waiver of competition to allow extending the contract with less than full and open competition. The mission's full justification is contained in the attached cables.

The Mission also intends to increase the funding to the contract by up to \$3 million. The Mission seeks your concurrence in this funding increase.

Authority: AIDAR 706.302-70 (b) (3) (i) provide that full and open competition need not be obtained for awards for which the cognizant Assistant Administrator formally determines, with supporting findings, that full and open competitive procedures would impair foreign assistance objectives, and would be inconsistent with the fulfillment of the foreign assistance programs.

Recommendation: That, by signing below and on the attached cable, you (a) determine that foreign assistance objectives would be impaired without this contract extension and (b) waive full and open competition to permit extending the existing A.I.D. direct contract to December 31, 1994, under the Development Studies Project, thereby concurring in increasing the contract's funding up to \$3 million.

APPROVE: Paul Leudato

DISAPPROVE: _____

DATE: _____

Attachments:

proposed cable
Jakarta 05702 (justification) and 06948 (supplemental)

Clearances:

DAA/ASIA:GLaudato GL date _____
GC/ASIA:GBisson _____ (draft) date 06/11/92
FA/PPE:JMurphy _____ (draft) date 06/12/92
ASIA/EA:KBoyd _____ (draft) date 06/09/92
ASIA/FPM:PDavis _____ (draft) date 06/10/92
ASIA/DR/PD:FMiller _____ (draft) date 06/12/92
ASIA/DR/PD:JNussbaum _____ (draft) date 06/08/92

ASIA/DR/PD:TMarr:u:\drpub\docs\indspcx.tlm:6/8/92

ANNEX C

Initial Environmental Examination Determination

INITIAL ENVIRONMENTAL EXAMINATION

- (A) PROJECT COUNTRY : INDONESIA
- (B) ACTIVITY: Development Studies Project (497-0340) Amendment 5
- (C) FUNDING: \$1.5 million
- (D) PERIOD OF FUNDING: FY 1993
- (E) STATEMENT PREPARED BY: ^{MN} Mary Norris, EPSO, USAID/Indonesia
- (F) ENVIRONMENTAL ACTION RECOMMENDED: Categorical exclusion under A.I.D. Regulation 16, Section 216.2 (c)
- (G) ACTION REQUESTED BY: ~~Malcolm J. Purvis~~ Malcolm J. Purvis, EPSO, USAID/Indonesia
- (H) LEGAL ADVISOR CLEARANCE: ^{PUS} Paul Scott, LA, USAID/Indonesia
- (I) ENVIRONMENTAL OFFICER CLEARANCE: ^{Ken Acton, MEO} Terry Bisson, AEE/RRM
- (J) DECISION OF USAID/INDONESIA DIRECTOR:

APPROVED: Philip Michaelson

DISAPPROVED: _____

DATE: 9 February 1993

(K) DECISION OF ASIA ENVIRONMENTAL OFFICER:

APPROVED: M. W. ASIA/DR

DISAPPROVED: _____

DATE: 1-29-93

REFERENCE: _____

INITIAL ENVIRONMENTAL EXAMINATION

- (A) PROJECT COUNTRY : INDONESIA
- (B) ACTIVITY: Development Studies Project (497-0340) Amendment 5
- (C) FUNDING: \$1.5 million
- (D) PERIOD OF FUNDING: FY 1993
- (E) STATEMENT PREPARED BY: ^{mn} Mary Norris, EPSO, USAID/Indonesia
- (F) ENVIRONMENTAL ACTION RECOMMENDED: Categorical exclusion under A.I.D. Regulation 16, Section 216.2 (c)
- (G) ACTION REQUESTED BY: ~~Malcolm J. Purvis~~ Malcolm J. Purvis, EPSO, USAID/Indonesia
- (H) LEGAL ADVISOR CLEARANCE: ^{PNS} Paul Scott, LA, USAID/Indonesia
- (I) ENVIRONMENTAL OFFICER CLEARANCE: ^{Jerry Bisson} Jerry Bisson, AEE/RRM, MEO.
- (J) DECISION OF USAID/INDONESIA DIRECTOR:

APPROVED: _____

DISAPPROVED: _____

DATE: _____

- (K) DECISION OF ASIA ENVIRONMENTAL OFFICER:

APPROVED: _____

DISAPPROVED: _____

DATE: _____

REFERENCE: _____

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

A. DESCRIPTION OF THE PROGRAM:

This amendment to the DSP project authorizes additional grant financing for the Project of \$1.5 million to increase the total U.S. contribution to the Program to \$20 million, and to extend the Program Assistance Completion Date (PACD) by two years to June 30, 1995.

The additional funding provided by this Project Amendment will finance the technical assistance component of the project. These resources will be used to provide continuing top-level expert policy advice and analysis to the National Development Planning Agency, and institutional development assistance to the Central Bureau of Statistics.

This technical assistance will be used to strengthen the analysis of selected policy and program issues related to Indonesian development and thereby to strengthen Indonesian policy formulation, program design, and resource use in industry, trade, employment, and regional analysis. The Project will finance no activities directly affecting the physical environment.

(B) RECOMMENDED ENVIRONMENTAL ACTION:

The activities to be funded by this grant amendment consist in their entirety of technical assistance and therefore, in accordance with A.I.D. Regulation 16, Section 216.2 (c) (2) (i), are categorically excluded from further environmental review. No further environmental action is recommended.

ANNEX D

Statutory Checklist

STATUTORY CHECKLIST

5C(1) - COUNTRY CHECKLIST

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

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

1. Narcotics Certification

(FAA Sec.490): (This provision applies to assistance provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance relating to international narcotics control, disaster and refugee relief assistance, narcotics related assistance, or the provision of food (including the monetization of food) or medicine, and the provision of non-agricultural commodities under P.L. 480. This provision also does not apply to assistance for child survival and AIDS programs which can, under section 542 of the FY 1993 Appropriations Act, be made available notwithstanding any provision of law that restricts assistance to foreign countries.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of cocoa or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government): N/A.

(1) has the President in the April 1 International Narcotics Control Strategy Reports (INSCR) determined and certified to the Congress (without Congressional enactment, within 45 calendar days, of a resolution disapproving such a certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to satisfy the goals and objectives established by the U.N. Convention Against Illicit Traffic in Narcotics Drugs and Psychotropic Substances, or that (b) the vital national interests of the United States require the provision of such assistance?

(2) with regard to a major illicit drug producing or drug-transit country for which the President has not certified on April 1, has the President determined and certified to Congress on any other date (with enactment by Congress of a resolution approving such certification) that the vital national interests of the United States require the provision of assistance, and has also certified that (a) the country has undergone a fundamental change in government, or (b) there has been a fundamental change in the conditions that were the reason why the President had not made a "fully cooperating" certification.

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

No.

3. Seizure of U.S. Property (FAA Sec. 620(e)(1)): If assistance is to a government, has it (including any government agencies or subdivisions) taken any action

No.

which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

4. Communist countries (FAA Secs. 620(a), 620(f), 620D; FY 1993 Appropriations Act Secs. 512, 543): Is recipient country a Communist country? If so, has the President: (a) determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism, or (b) removed a country from applicable restrictions on assistance to communist countries upon a determination and report to Congress that such action is important to the national interest of the United States? Will assistance be provided either directly or indirectly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, Iran or Syria? Will assistance be provided to Afghanistan without a certification, or will assistance be provided inside Afghanistan through the Soviet-controlled government of Afghanistan?

No.

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

No.

6. OPIC Investment Guaranty (FAA Sec. 620(1)): Has the country failed to enter into an investment guaranty agreement with OPIC?

No.

7. Seizure of U.S. Fishing Vessels (FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5): (a) Has the country seized, or imposed any penalty or

No.

sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made?

8. Loan Default (FAA Sec. 620(q); FY 1993 Appropriations Act Sec. 518 (Brooke Amendment)): (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1990 Appropriations Act appropriates funds?

No.

9. Military Equipment (FAA Sec. 620(s)): If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment?

(Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

Yes. See Taking Into Consideration Memo for FY93, dated 11/19/92.

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

No.

11. U.N. Obligations (FAA Sec. 620(u)): What is the payment status of the country's U.N. obligations? If the country is

Indonesia is current on payment of its UN obligations.

in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the "Taking into Consideration" memo.)

12. International Terrorism

a. **Sanctuary and support** (FY 1993 Appropriations Act Sec. 554; FAA Sec. 620A): Has the country been determined by the President to: (a) grant sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or (b) otherwise support international terrorism, unless the President has waived this restriction on grounds of national security or for humanitarian reasons? No.

b. **Airport Security** (ISDCA of 1985 Sec. 552(b)). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to Section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? No.

13. **Discrimination** (FAA Sec. 666(b)): Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? No.

14. **Nuclear Technology** (FAA Secs. 669, 670): Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear No.

explosive device? If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)

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

16. Military Coup (FY 1993 Appropriations Act Sec. 513): Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to resumption of assistance?

17. Refugee Cooperation (FY 1993 Appropriations Act Sec. 538): Does the recipient country fully cooperate with the international refugee assistance organizations, the United States, and other governments in facilitating lasting solutions to refugee situations, including resettlement without respect to race, sex, religion, or national origin?

18. Exploitation of Children (FAA Sec. 116(b)): Does the recipient government fail to take appropriate and adequate measures, within its means, to protect children from exploitation, abuse or forced conscription into military or

Yes. Indonesia entered written reservations following the meeting. This was taken into account when the FY93 OYB was approved by the Acting Administrator. See Taking into Consideration Memo, dated 11/19/92.

No.

Yes.

No.

paramilitary services?

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

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

No. However, human rights concerns relating to Indonesia were considered when the FY93 OYB was approved by the Acting Administrator. See Taking Into Consideration memo, dated 11/19/92.

2. Abortions (FY 1993 Appropriations Act Sec. 534): Has the President certified that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performance of abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

No.

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

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

N/A.

5C(2) - ASSISTANCE CHECKLIST

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

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?

Yes

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 amended project will continue to support research relating to policies that affect (a), (b), (c), (d), and (e). In particular, the provision of economic analyses and policy advice based on these analyses should serve to encourage: the dismantling of barriers to trade, private sector and small business development, increased competition among firms, and increased efficiency of resource use in industry and trade.

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).

The amended project will continue to encourage private U.S. trade and investment abroad by conducting studies which analyze the impact of various policies on trade and industrial development. The policy implications and advice which derive from these analyses should serve to improve the enabling environment for U.S. trade and investment. In addition, the project directly funds technical assistance services of U.S. private citizens and firms.

3. Congressional Notification

a. **General requirement (FY 1993 Appropriations Act Sec. 522; 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 Appropriations Act notification requirement has been waived because of substantial risk to human health welfare)?

A CN submitted prior to obligation of any additional funds.

b. **Notice of new account obligation (FY 1993 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 Non-project Sector Assistance (FY 1993 Appropriations Act Sec. 571(b)(3)):** If funds are to be made available in the form of cash transfer or non-project 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.

d. **Special Notification Requirement (FY 1993 Appropriations Act, Sec. 540):** Has the special notification to Congress been made as required for all Indonesia programs, projects and activities for FY93?

Such notification will be made prior to obligation of funds.

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

(a) Yes.

(b) Yes.

U.S. of the assistance?

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

No legislative action is required within the recipient country.

6. Water Resources (FAA Sec. 611(b); FY 1993 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 1993 Appropriations Act Sec. 571(b)): Will cash transfer or non-project sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for non-project 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

The amended project will continue to encourage private U.S. trade and investment abroad by conducting studies which analyze the impact of various policies on trade and industrial development. The policy implications and advice

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.

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).

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.

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?

c. Separate Account (FY 1993 Appropriations Act Sec. 571). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

(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

which derive from these analyses should serve to improve the enabling environment for U.S. trade and investment. In addition, the project directly funds technical assistance services of U.S. private citizens and firms.

See answer to item 9 above.

GOI will contribute 27% of total program cost. There are no U.S. owned local currencies available for this program.

No.

(a) N/A.

(b) N/A.

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?

N/A.

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?

N/A.

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

N/A.

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?

N/A.

12. Trade Restrictions

a. Surplus Commodities (FY 1993 Appropriations Act Sec. 520(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?

There are no plans under the project to provide any assistance for the production of any commodity for export.

b. Textiles (Lautenberg Amendment) (FY 1993 Appropriations Act Sec. 520(c)): Will the assistance (except for programs in Caribbean Basin Initiative

Studies and analysis under the project will concern primarily macro-economic policy issues and will not involve assistance for

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

investment in or establishment of facilities for production of textiles or other restricted items.

13. Tropical Forests (FY 1991 Appropriations Act Sec. 533(c) (3) (as referenced in section 532(d) of the FY 1993 Appropriations Act): 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 1993 Appropriations Act Sec. 536): 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.?

N/A.

b. Funding sources (FY 1993 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

N/A.

international activities from sources other than the United States Government?

15. Project Agreement

N/A.

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).

16. Metric System (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

Yes.

17. Women in Development (FY 1993 Appropriations Act, Title II, under heading "Women in Development"): Will

Research studies will be conducted which examine the status and role of women in the Indonesian

assistance be designed so that the percentage of women participants will be demonstrably increased?

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.

19. Abortions (FY 1993 Appropriations Act, Title II, under heading "Population, DA," and Sec. 524):

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

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

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

economy. These studies will identify constraints to women's full participation in the development process and propose strategies for expanding women's economic contribution and remuneration.

The project provides technical assistance to the GOI with the aim of enhancing the government's ability to conduct sound analysis, formulation, and implementation of economic policies. Because of the sensitivity of the policies addressed, such assistance is most effectively provided on a bilateral basis. However, as specified in their scopes of work, the advisors will closely coordinate their activities with those of other bilateral, regional, and multilateral donor agencies.

No.

No.

It is not envisioned that technical assistance activities will directly support the development of cooperatives. However, technical assistance will be applied to help develop strategies for small

business development in urban and possibly, rural areas.

21. U.S.-Owned Foreign Currencies

a. **Use of Currencies** (FAA Secs. 612(b), 636(h); FY 1993 Appropriations Act Secs. 507, 509): Are steps being 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.

U.S. owned local currencies are not available.

b. **Release of Currencies** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No.

22. Procurement

a. **Small Business** (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?

Yes.

b. **U.S. Procurement** (FAA Sec. 604(a) as amended by section 597 of the FY 1993 Appropriations Act): Will all procurement be from the U.S., the recipient country, or developing countries except as otherwise determined in accordance with the criteria of this section?

Yes.

c. **Marine Insurance** (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

Indonesia does not so discriminate.

d. Non-U.S. Agricultural Procurement (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

N/A.

e. Construction or Engineering Services (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

N/A.

f. Cargo preference shipping (FAA Sec. 603): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

No.

g. Technical assistance (FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are

(a) Yes.

(b) Yes, but expertise of USG agencies is not viewed as particularly suitable for this project.

particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

h. U.S. Air Carriers (International Air Transportation Fair Competitive Practices Act, 1974): If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes.

i. Termination for Convenience of U.S. Government (FY 1993 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?

All direct contracts under the amended project will so provide.

j. Consulting Services (FY 1993 Appropriations Act Sec. 523): 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

Yes.

Yes.

Yes.

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?

1. Competitive Selection Yes.
Procedures (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

23. Construction

a. Capital Projects (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 N/A.

General have audit rights?

25. Communist Assistance (FAA Sec. 620(h)). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

Yes.

26. Narcotics

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

Yes.

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

(1) Yes.

(2) Yes.

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

Yes.

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

Yes.

other law enforcement forces, except for narcotics programs?

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

30. Motor Vehicles (FAA Sec. 636(i)): Yes.
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 1993 Appropriations Act Sec. 503): Yes.
Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel?

32. Payment of U.N. Assessments (FY 1993 Appropriations Act Sec. 505): Yes.
Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues?

33. Multilateral Organization Lending (FY 1993 Appropriations Act Sec. 506): Yes.
Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multi-lateral organizations for lending)?

34. Export of Nuclear Resources (FY 1993 Appropriations Act Sec. 510): Yes.
Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology?

35. Repression of Population (FY 1993 Appropriations Act Sec. 511(a)): Yes.
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?

36. **Publicity or Propaganda** (FY 1993 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 1993 Appropriations Act Sec. 560): 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 1993 Appropriations Act Sec. 565): 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.**

39. **Commitment of Funds** (FAA Sec. 635(h)): Does a contract or agreement entail a commitment for the expenditure of funds during a period in excess of 5 years from the date of the contract or agreement? **No.**

40. **Impact on U.S. Jobs** (FY 1993 Appropriations Act, Sec. 599):

(a) Will any financial incentive be provided to a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S. in a manner that would likely reduce the number of U.S. employees of that business? No.

(b) Will assistance be provided for the purpose of establishing or developing an export processing zone or designated area in which the country's tax, tariff, labor, environment, and safety laws do not apply? If so, has the President determined and certified that such assistance is not likely to cause a loss of jobs within the U.S.? No.

(c) Will assistance be provided for a project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country? No.

B. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. Agricultural Exports (Bumpers Amendment) (FY 1993 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: N/A.
(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?

2. **Tied Aid Credits (FY 1993 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)?

This is a research project. Economic studies on employment are likely to emphasize the importance of using technologies which are the most cost-effective given Indonesia's relative abundance of labor resources.

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.

Project focuses on the institutional development of the National Planning Agency. As such, it is training some of the country's best intellectual leaders.

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?

The project provides policy advice to the National Planning Agency which is in charge of planning the development of the country's economic resources.

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

Research studies will include analyses of 1) labor market conditions and the development of strategies designed to expand job opportunities for the rural and urban poor; and 2) the impact of various policies on women's socioeconomic status. By assisting the National Planning Agency to upgrade its capacity to conduct its planning and budgetary responsibilities and to conduct sound policy analysis, and

governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

by encouraging open dialogue on policy issues, the project will contribute to the development of government institutions and the process of democratic decision-making.

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)?

Yes.

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?

The project provides technical assistance to the Planning Ministry. The Ministry is keenly concerned with alleviation of poverty, in fact the GOI made it the focus of the 1990 Donor's Meeting on Indonesia. The U.S. technical assistance will directly increase the planning Ministry's ability to analyze ways the GOI can help the poor.

9. Abortions (FAA Sec. 104(f); FY 1993 Appropriations Act, Title II, under heading "Population, DA," and Sec. 534):

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.

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

N/A.

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

N/A.

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

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 1993 Appropriations Act Sec. 563): What portion of the funds will be available only

No specific portion of project funds has been reserved for such enterprises. The project will,

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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)?

however, seek to encourage the use of such enterprises to the extent possible.

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?

No. Project is not intended to address issues directly related to the environment.

13. Tropical Forests (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act):

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)

N/A.

support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests; and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest 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 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?

N/A.

d. Sustainable forestry: If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

N/A.

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

N/A.

14. Energy (FY 1993 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

N/A.

15. 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.

16. Deobligation/Reobligation (FY 1993 Appropriations Act Sec. 515): If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

N/A.

17. 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.

18. **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 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,

Research studies will include analyses of 1) labor market conditions and the development of strategies designed to expand job opportunities for the rural and urban poor; and 2) the impact of various policies on women's socioeconomic status. By assisting the National Planning Agency to upgrade its capacity to conduct its planning and budgetary responsibilities and to conduct

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?

19. 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

sound policy analysis, and by encouraging open dialogue on policy issues, the project will contribute to the development of government institutions and the process of democratic decision-making.

Answer for # 19, # 20, #21: Research studies do not directly examine issues in the areas of Agriculture and Rural Development, Population and Health, and Education and Human Resources. However, studies on employment, industry, regional economies, and health care do address topics which cross-cut both rural and urban areas. In particular, studies on the state of health care over the next 20 years examine what will be the critical health and nutrition problems confronting Indonesia and how should public and private resources be allocated to best alleviate these problems. Studies on education include such topics as what are the key determinants of education performance and what are the policy implications deriving from those findings. Work is also being done to investigate the optimal allocation of infrastructure investment across regions given the objectives of promoting industrial development and alleviating poverty.

people.

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.

20. 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.

See Question # 19.

21. 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.

See Question # 19.

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

N/A.

a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;

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

c. research into, and evaluation of, economics development processes and techniques;

d. reconstruction after natural or manmade disaster and programs of disaster preparedness;

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

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.

23. Capital Projects (Jobs Through Export Act of 1992, Secs. 303 and 306(d)): If assistance is being provided for a capital project, is the project developmentally sound and will the project measurably alleviate the worst manifestations of poverty or directly promote environmental safety and sustainability at the community level? N/A.

C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY N/A.

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? N/A.

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

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 1993, this provision is superseded by the separate account requirements of FY 1993 Appropriations Act Sec. 571(a), see Sec. 571(a)(5).) N/A.

4. Generation and Use of Local Currencies (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities N/A.

consistent with the objectives of FAA sections 103 through 106? (For FY 1993, this provision is superseded by the separate account requirements of FY 1993 Appropriations Act Sec. 571(a), see Sec. 571(a)(5).)

5. Cash Transfer Requirements N/A.
(FY 1993 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 571(b). If assistance is in the form of a cash transfer:

a. Separate account: Are all such N/A.
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 N/A.
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?

**c. U.S. Government use of local N/A.
currencies:** Will all such local currencies also be made available to the U.S. government as the U.S. determines necessary for the requirements of the U.S. Government, or to carry out development assistance (including DFA) or ESF purposes?

d. Congressional notice: Has N/A.
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?

6. Capital Projects (Jobs Through Exports Act of 1992, Sec. 306, FY 1993 Appropriations Act, Sec. 595): If assistance is being provided for a capital project, will the project be developmentally-sound and sustainable, i.e., one that is (a) environmentally sustainable, (b) within the financial capacity of the government or recipient to maintain from its own resources, and (c) responsive to a significant development priority initiated by the country to which assistance is being provided. (Please note the definition of "capital project" contained in section 595 of the FY 1993 Appropriations Act.)

N/A.