

PD-ABG-902

SOUTH PACIFIC FISHERIES TREATY PROGRAM

PAAD AUTHORIZATION

SOUTH PACIFIC

879-0032



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR, ASIA

FROM: ASIA/DR, Phyllis Forbes *Phyllis Forbes*

SUBJECT: SOUTH PACIFIC Fisheries Treaty Program II  
(879-0032) - PAAD Authorization

Action: Your authorization of \$14 million ESF grant funds for the first year of the South Pacific Fisheries Treaty Program II and your approval of life-of-program funding of \$140 million for the Fiscal Years 1993-2002.

Background: In 1987 the U.S. and 16 countries agreed on a Treaty\* to resolve disputes over rights of U.S. boats to harvest tuna in the exclusive economic zones (EEZs) of the other countries. The Treaty provided for a licensing system for the U.S. boats based on their paying fees and the tuna industry providing technical assistance and on a U.S. Government cash payment. Following the advice and consent of the Senate and enactment of the implementing South Pacific Tuna Act of 1988, the U.S. ratified the Treaty in 1988.

For the first five years of the Treaty (1988-92), our Fisheries Treaty Program I (879-0011) provided the \$50 million (\$10 million per year) the U.S. Government was required to transfer in cash to the South Pacific Forum Fisheries Agency (FFA) to make effective the licenses to U.S. tuna fishing boats to fish in Treaty waters. FFA is the administrator of the interests of the Pacific Island countries under the Treaty. Modifications to the annexes to the Treaty in 1992 cover the next ten years and provide for an annual \$14 million U.S. Government cash payment to the FFA. An AID-FFA agreement provides that cash transfers may be used for any economic purpose (excludes military or paramilitary uses) per Section 531 (e) of the Foreign Assistance Act (FAA).

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\* The Treaty on Fisheries between the Governments of Certain Pacific Island States and the Government of the United States of America signed at Port Moresby, Papua New Guinea on April 2, 1987. The Pacific Island signatories are the ten countries of the South Pacific Region receiving DA -- Cook Islands, Fiji, Kiribati, Niue, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu, and Western Samoa -- plus Australia, Federated States of Micronesia, Marshall Islands, Nauru, New Zealand and Palau.

Program Description: FFA will put all \$14 million of each cash payment in an Economic Development Fund (EDF). This \$14 million is distributed in cash to member countries as agreed among FFA and its members. Section 20 (b) of the implementing legislation for the Treaty (the South Pacific Tuna Act of 1988) authorizes cash transfers notwithstanding any provision of the FAA or any appropriations act relating to cash transfers which are inconsistent with the Treaty.

Modification of Agreements: During the first Fisheries Treaty Program (879-0011), a \$1 million portion of each year's cash was projectized and utilized as a handbook 13 grant to a non-U.S. PVO, with A.I.D. approval required for all subprojects. Any funds not put to agreed project uses by the end of the Treaty Program were to be returned to the U.S. Treasury. Under 1992 modifications to Treaty Annexes, none of the 1993-2002 cash transfer is projectized.

Audit Recommendation: Hortatory provisions were included in the original grant agreements to indicate our usual development and procurement preferences to recipients many of which had no prior experience with A.I.D. By their terms these provisions were legally unenforceable due to the conflicting nature of Treaty requirements: i.e., the cash payments are required to make licenses to U.S. boats effective, and we cannot seek return of funds disbursed after U.S. boats have taken advantage of those licenses. Last year the Regional Inspector General for Audit, Singapore recommended that these hortatory provisions should be enforced or removed. These provisions were removed from the 1992 grant agreements amendments and will not be included in future grant agreements for this program.

Congressional Status: The Congressional Notification for this program expired April 30, 1993 without objection.

Recommendations: That you (1) authorize the attached PAAD (Tab A) authorizing \$14 million cash transfer for this program in FY 1993 and approving the ten-year \$140 million life-of-program level by signing in block 20 and below; and (2) sign the attached proposed cable (Tab B) advising the Regional Director, South Pacific to enter into an appropriate grant agreement.

Approved 

Disapproved \_\_\_\_\_

Date 8/11/93

- attachments:  
A. PAAD  
B. cable

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Clearances:

DAA/ASIA:LMorse \_\_\_\_\_  
GC/ASIA:GBisson \_\_\_\_\_ (draft) \_\_\_\_\_  
ASIA/EA:DClark \_\_\_\_\_  
ASIA/FPM:PDavis \_\_\_\_\_  
ASIA/DR/PD:JDempsey \_\_\_\_\_

CC: RDO/SP, Suva

ASIA/DR/PD/EA:JRNussbaum:9 Jun 93:x77476  
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AGENCY FOR INTERNATIONAL DEVELOPMENT  PROGRAM ASSISTANCE APPROVAL DOCUMENT  (PAAD)		1. PAAD Number 879-K-606	
		2. Country South Pacific Regional	
		3. Category Cash Transfer	
		4. Date 9 June 1993	
5. To A-AA/ASIA, George Laudato		6. OYB Change Number	
7. From ASIA/DR, Phyllis Forbes <i>Phyllis Forbes</i>		8. OYB Increase: To be taken from:	
9. Approval Requested for Commitment of \$14,000,000		10. Appropriation Budget Plan Code HES3-93-37879-KG-31 (370-67-879-00-50-31)	
11. Type Funding <input type="checkbox"/> Loan <input checked="" type="checkbox"/> Grant	12. Local Currency Arrangement <input type="checkbox"/> Informal <input type="checkbox"/> Formal <input checked="" type="checkbox"/> None	13. Estimated Delivery Period N/A	14. Transaction Eligibility Date N/A

15. Commodities Financed None

16. Permitted Source U.S. only	17. Estimated Source U.S.
Limited F.W.	Industrialized Countries
Free World	Local
Cash \$14,000,000	Other

18. Summary Description **South Pacific Fisheries Treaty Program II**

Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Fisheries Treaty Program II for the South Pacific Region involving planned obligations of not to exceed \$140,000,000, subject to the availability of funds, with \$14,000,000 available in FY 1993, in grant funds for cash transfers to the treaty nations over a ten year period from the date of authorization.

The program agreement which may be negotiated and executed by the officers to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall contain terms and conditions consistent with this Program Assistance Approval Document and such other terms and conditions as A.I.D. may deem appropriate.

Fisheries Treaty Program II assistance supports economic development purposes as provided under Part 1 of Schedule 2 of Annex II of the Treaty on Fisheries Between the Governments of Certain Pacific Island States and the Government of the United States of America signed at Port Moresby, Papua New Guinea on April 2, 1987.

19. Clearances	Date	20. Action	
A-DAA/ASIA:LMorse		<input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED	
ASIA/FPM:PDavis	6/10/93		
ASIA/EA:DClerk	6-9-93	Authorization Signature <i>Peter Davis for</i>	Date 6/10/93
GC/ASIA:GBisson	6-8-93		
ASIA/DR/DP:JDempsey	6/9/93		
F&A/FM/CONT:TRollis			
		Title A-AA/ASIA George Laudato	

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## South Pacific Regional Fisheries Treaty Program II (879-0032)

## Program Assistance Approval Document

Summary

On April 2, 1987 the U.S. and "certain Pacific Island countries" signed a "Treaty on Fisheries." After the advice and consent of the Senate and enactment of the implementing South Pacific Tuna Act of 1988, the U.S. ratified the Treaty in 1988. The Treaty and a related AID Agreement with the South Pacific Forum Fisheries Agency (FFA) resolved years of disputes over U.S. tuna fishing in the Exclusive Economic Zones (EEZs) of island countries.

The 1987 agreements provided detailed arrangements for the first five years of the Treaty, including for \$10 million of annual U.S. Government cash payments. These payments were made through the South Pacific Fisheries Treaty Program (879-0011). In 1992 the provisions for the next ten years of the Treaty (1993-2002) were agreed, including \$14 million annual U.S. Government cash payments.

All 16 members of FFA -- Australia, Cook Islands, Federated States of Micronesia (FSM), Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea (PNG), Solomon Islands, Tonga, Tuvalu, Vanuatu, and Western Samoa -- participated in the first five years of the Treaty and the Fisheries Treaty Program (FTP) and are expected to participate in the next ten years.

Australia, New Zealand, and four developing countries (FSM, Marshall Islands, Nauru, Palau) do not participate in AID's other programs for the South Pacific Region.

Under the 1992 provisions to extend the Treaty, AID will make ten annual cash transfers of \$14 million each to FFA in 1993 - 2002. The Treaty requires these cash payments, license fees paid by the boats and tuna industry technical assistance provisions, before licenses to U.S. boats for Treaty waters become effective. The South Pacific Regional Fisheries Treaty Program II (FTP II) will provide the required cash transfers.

FFA will put these payments in an Economic Development Fund (the Fund). Each year's Fund will be distributed in cash to FFA members participating in the Treaty as agreed among FFA and its members. FFA and AID will continue to employ a mutually agreed upon financial management system for the Fund.

FFA will hold the Fund in bank accounts or securities approved by AID and will earn interest on funds held before distribution to members. Interest earned will be used for the same purposes as the principal amounts. Cash distributions are to be used for non-military, economic development uses.

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The FTP II has two purposes: i) to fulfill U.S. commitments under the Treaty, and ii) to enable island countries to capture a reasonable share of the economic benefit of the renewable tuna resource harvested by U.S. boats.

Economic impacts of the cash payments will vary widely among participating countries. For example, PNG, although a major fishery country, also has other resources and revenues. Impact per person will be relatively light in PNG.

In contrast, Tuvalu, a moderate fishery country, could receive about half of its annual budget under a high estimate of its share of cash distribution (i.e. Tuvalu's 1991 cash transfer amounted to over \$1.7 million, more than 50% of its approximate \$2.7 million budget). Kiribati also received more than half its estimated budget under the FTP in 1991. Kiribati and Tuvalu may put some FTP II cash payments in trust funds for future use rather than try to find good current uses. This may lessen their economic dependence on donors.

The A.I.D. Regional Development Office for the South Pacific (RDO/SP) will verify that all recipients have sufficient economic uses for cash transfers that they will not be used for military or paramilitary uses as provided in section 531 (e) of the Foreign Assistance Act (FAA).

Many island countries see the Treaty as an opportunity to enter or expand participation in other fishery aspects: canning or processing tuna, servicing boats, and fishing for tuna. The Treaty also contributes to a general improvement in business and investment climate for some countries.

Other benefits are expected from the increased development dialogue between AID and island countries.

The Treaty:

On April 2, 1987 the United States and "Certain Pacific Island States" signed the "Treaty on Fisheries" at Port Moresby, Papua New Guinea.

The Treaty establishes means to end years of disputes over tuna fishing by U.S. boats in the Exclusive Economic Zones (EEZs) of the island countries. Among other provisions, the Treaty calls for economic cooperation between the U.S. and the island countries and for certain payments by the U.S. government and U.S. tuna boats to obtain licenses to harvest tuna in designated EEZ areas. The U.S. boats pay annual license fees and the U.S. industry provides technical assistance to the fisheries of the island countries. The Treaty and implementing legislation also provide for enforcement of Treaty provisions by the Coast Guard and National Marine Fisheries Service and in U.S. District Courts.

All 16 members of the South Pacific Forum Fisheries Agency (FFA) -- Australia, Cook Islands, the Federated States of Micronesia (FSM), Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea (PNG), Solomon Islands, Tonga, Tuvalu, Vanuatu, and Western Samoa -- have signed and ratified the Treaty.

Extended Treaty:

In May 1992, the U.S. and all sixteen Pacific Island States agreed on arrangements for the extension of the Treaty for ten years. The parties agreed to incorporate amendments in the Treaty annexes covering the payments by the U.S. and the minimum terms and conditions (MTCs) required by the Pacific Island States.

The parties in the Treaty agreed to deposit their instruments of acceptance of the amendments to the Treaty annexes to the depository - the Government of Papua New Guinea - before June 15, 1993. However, the Treaty remains in force regardless of the deposit of such instruments, and the effectiveness of licenses to U.S. vessels is not affected by failure of an FFA member to accept the amendments to the Treaty annexes. In fact, most FFA members have already accepted the amendments to the Treaty annexes and in any event the remaining Pacific Island parties are expected to deposit their instruments of acceptance on or before June 15, 1993.

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Implementing Legislation:

Section 20 (b) of the South Pacific Tuna Act of 1988 (implementing legislation for the Treaty) permits Economic Support Fund (ESF) funds to be used for Treaty purposes notwithstanding any provision of foreign assistance law relating to cash transfers. This permits compliance with U.S. undertakings at the time the Treaty was signed that the cash payments will be subject only to the provisions of Section 531 (e) of the Foreign Assistance Act that ESF must be used for economic purposes and not for military or paramilitary purposes.

Among possible exemptions from normal AID assistance requirements for the Fisheries Treaty Program (FTP) are:

- i) Six Countries (Australia, FSM, Marshall Islands, Nauru, New Zealand, and Palau) not included in AID's South Pacific Region (879) may participate in the Treaty and,
- ii) Accounting for cash transfers will not include maintenance of special accounts by recipient countries nor audit of cash transfer funds once disbursed by the FFA.

The AID-FFA Umbrella Cash Transfer Agreement:

Part 1 of schedule 2 of annex II of the Treaty refers to payments from the U.S. side under the related A.I.D. Agreement with the South Pacific Forum Fisheries Agency (FFA). The new Umbrella Cash Transfer Agreement signed with FFA in May 1992 calls for ten annual AID "cash payments" of \$14 million each to FFA. Annex II, paragraph 3 of the Treaty requires these annual AID payments before licenses to U.S. boats take effect. Under the old Umbrella Agreement for the first five years of the Treaty, \$1 million per year was used for small development projects and \$9 million per year was used for cash payments, but only cash payments are provided under the 1992 new Agreement for 1993-2002.

The Agreement requires FFA to establish an Economic Development Fund (the Fund) and to agree with AID on a financial management system.

Outcomes for the Fisheries Treaty Program:

The first five years of the Fisheries Treaty Program were successful for all parties involved. Through March of 1993, the Forum fisheries Agency (FFA) distributed \$43,062,182 to Treaty signatories as cash payments for the first four years and fifteen percent of the fifth year's cash transfer. The remaining eighty-five percent of Treaty funds for the fifth year will be distributed after the FFA has allocated all 1992 catches to the respective EEZs (December 1993).

A.I.D.'s Regional Development Office for the South Pacific (RDO/SP) monitored both the small project program for 1988-92 and the disbursements of cash. In annual consultative meetings with the Treaty countries, RDO/SP also verified FFA's written assurances that funds transferred were not used for prohibited purposes.

RDO/SP monitored the distribution of the cash transfer assistance provided each year for general economic development purposes. The Office of the Auditor General of the Solomon Islands performed annual audits of the FFA Fund into which cash transfer dollars were deposited and from which disbursements to Treaty countries were made.

#### Narrative Logical Framework:

##### **A. Goal**

The goals of the Fisheries Treaty Program II (FTP II) are:

- i) To advance cooperative relations between the U.S. and the Treaty countries, and
- ii) To enable the Treaty countries to apply fishery harvest resources to their economic development needs.

Indicators of goal achievement would be cooperation in fields other than tuna boat licensing and rising incomes of Treaty countries. Achievement can be verified through assessment of the state of the U.S.-Treaty country relations and of overall Treaty country development.

Goal achievement assumes that the Treaty will resolve disputes over tuna boat operations in EEZs, the worst previous impediment to closer relations. It also assumes the Treaty countries will use the resources received for development.

##### **B. Purpose**

The purposes of the FTP II are:

- i) To carry out U.S. Government undertakings under the Treaty, and
- ii) To capture a reasonable share of the value of tuna harvested by U.S. boats in the EEZs of Treaty countries for their economic development.

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Indicators of purpose achievement (End Of Program Status -- EOPS) are:

- i) AID disburses all payments the Treaty requires to the complete satisfaction of the Treaty countries and FFA,
- ii) Treaty countries capture more economic benefits from tuna harvested in their EEZs by U.S. boats, and
- iii) Treaty countries use FTP cash transfers for economic purposes.

EOPS achievement can be verified by USAID and FFA records of Fund uses.

EOPS achievement assumes that only economic uses. are made of Fund resources.

#### **C. Outputs**

Outputs will be Cash Transfers financed by the Fund after meeting FFA operation and administration costs. This Cash Transfer component will transfer dollars to governments of Treaty countries for non-military, economic development purposes. Amounts transferred are expected to vary with the amount of tuna harvested in each country's EEZ. The range may be from a minimum of \$100,000 to about \$10 million per country in any year.

Indicators and verification of output achievement will be through USAID and FFA reports of payments from the Fund.

Output achievement assumes the Treaty countries and FFA agree on formulae for division of fund Benefits and FFA is able to administer the Fund accordingly.

#### **D. Inputs**

The inputs are ten annual payments of \$14 million (total \$140 million) from ESF grant funds to the Economic Development Fund established by FFA.

Achievement of inputs assumes availability of funds and AID-FFA agreement on financial management of the Fund.

Treaty Effects:

Without the Treaty, U.S. and island country positions on tuna fishing in EEZs differ over the highly migratory nature of the tuna. The U.S. legal position held that countries should not control tuna fishing in their EEZs, and U.S. laws penalized countries enforcing tuna controls on U.S. boats by banning tuna imports from them.

By establishing a regional agreement for tuna harvesting by U.S. boats, the Treaty opens the way for more orderly economic development of the resource. The Treaty removes, for ten years, the disincentive to investment in tuna operations in the Treaty countries due to possible loss of access to the U.S. market.

For the Treaty countries, the benefit of a large catch in their waters is more assured under the Treaty while they can still expect some benefit when their catch is less than hoped.

For the U.S., there is access at reasonable cost to the tuna resource in Treaty waters and an end to the foreign relations and economic costs of disputes over that access.

Institutional Analysis:

The FFA:

The South Pacific Forum Fisheries Agency (FFA) is an international intergovernmental organization founded in 1979 in Honiara, Solomon Islands. It serves as a specialized agency of the regional governments for economic, technical and financial aspects of fisheries, especially the migratory species.

The 16 current members are Australia, Cook Islands, Federated States of Micronesia (FSM), Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea (PNG), Solomon Islands, Tonga, Tuvalu, Vanuatu and Western Samoa.

The FFA serves as administrator of certain interests of member governments under the Treaty including those under the FTP II.

Environmental Concerns:

All of the resources in the FTP II will be cash transfers without identifiable environmental effects. An Initial Environmental Examination (IEE) has approved a categorical exclusion of this program under A.I.D. Regulation 16.

The Economic Development Fund:**A. Treaty and Agreement Provisions**

Article 2 of the AID-FFA Umbrella Cash Transfer Agreement requires FFA to establish an Economic Development Fund with AID payments. Annex II, paragraph 3 and Schedule 2, Part 1, paragraph 2 of the Treaty require these payments before licenses become effective for U.S. tuna boats.

Article 3 of the Umbrella Cash Transfer Agreement requires FFA to ensure that the Fund is used "to support economic development purposes in accordance with section 531 (e) of the Foreign Assistance Act..." which provides that Economic Support Fund (ESF) funds "...shall be available for economic programs and may not be used for military or para-military purposes."

**B. The Fund**

The Economic Development Fund will be used by FFA for:

- i) operating and administration costs of FFA under the Fund, and
- ii) cash transfers from the fund to FFA member governments.

FFA has the responsibility to seek the agreement of member governments participating in the Treaty to arrangements for its costs and for distributing other benefits from the Fund. Neither the Treaty nor the Agreement require AID participation in arriving at these arrangements.

FFA will inform AID at the start of each Treaty year of intended uses of that year's payment to the Fund, and FFA will report actual uses made of the Fund.

Method of Financing:

AID payments to the Fund may be made by direct letter of commitment; cash payment, i.e. Treasury check or electronic funds transfer (EFT); or other mutually agreeable method. We expect to continue the practice of the first five years and disburse by EFT.

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Financial Management:**A. Financial Management Objectives**

Portions of the Fund held in cash by FFA will be managed:

- First, securely; and
- Second, to invest balances held for more than immediate operations to earn maximum returns consistent with the first objective.

**B. Custody of Fund**

Except for local operating accounts approved by the USAID Controller, cash will be held in bank accounts and securities approved by AID. FFA will seek maximum safe return consistent with the period funds held before use.

**C. Disposition of Interest**

Interest earned on funds paid to FFA to achieve FTP II purposes will be put to the same uses as the principal amount invested.

Uses of Cash Transfers:

The Umbrella Cash Transfer Agreement foresees recipient countries using cash transfers for budget support for all but the military and para-military uses prohibited by section 531 (e) of the Foreign Assistance Act. Section 531 (e) is the only reference in the Agreement to the FAA or other restriction on use of cash payments. The AID Regional Development Office for the South Pacific (RDO/SP) in Suva, Fiji monitors compliance with this restriction.

Most Treaty countries expect to use cash transfers for budget support. During the five years of FTP I, cash transfers were absorbed within budgets without use for purposes AID is not permitted to finance.

While impacts of budget support are modest in the larger countries, like Papua New Guinea, even if they have substantial tuna harvests, smaller countries with substantial tuna harvests have received high cash payments relative to their total budget. In 1991 the cash distributions under the FTP I exceeded half of the estimated annual budget of Tuvalu and Kiribati. For these countries, the FTP II offers prospects of substantially increasing resources for economic purposes and reducing the economic dependency of the countries. Moreover, some small countries may utilize cash transfers to build trust funds or endowments for future use.

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As cash transfers increase under FTP II (\$14 million per year vs. \$9 million per year under the first five-year FTP), monitoring of the uses of cash transfers by RDO/SP will focus on the countries with historic high cash distributions relative to their annual budgets.

Audit of Prior Program:

On August 21, 1992 the Regional Inspector General for Audit in Singapore (RIG/A/S) reported the results of audit of the prior program (Report 5-879-92-12). The Report noted that the original authorization and obligating documentation of the FTP included hortatory language about A.I.D. preferred uses of cash transfer funds which could not be enforced.

The single Recommendation of the Report was "that the Assistant Administrator for Asia not make additional cash transfers under the Fisheries Treaty Program until A.I.D. can ensure compliance with the cash transfer/grant agreement's provisions governing the end-use accountability for the cash transfer funds. To ensure compliance A.I.D. should:

- 1.1 Enter into an enforceable agreement, consistent with the Program Assistance Approval Document [PAAD], with the Treaty countries on the eligible uses of and accountability for cash transfer funds; or
- 1.2 Amend the [PAAD] and the cash transfer/grant agreement to make provisions of the eligible uses of and accountability for cash transfer funds of these documents consistent with the Treaty on Fisheries and the South Pacific Tuna Act of 1988."

This Recommendation was closed by PAAD and grant Program Agreement changes for the final year (1992-93) of the FTP which eliminated unenforceable hortatory language about uses of cash transfer funds and by approval of the revised AID-FFA Umbrella Cash Transfer Agreement for the period 1993-2002 which makes the limits on enforcement of uses of cash transfers more explicit. No such hortatory language will be included in documents for FSP II.

ASIA/DR/PD/EA:PMalnak:REV JRNussbaum 9 June 1993  
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*[Handwritten initials]*

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06/09/93 (202) 647-7476 CB0609SP.FTP  
AID/AA/ASIA:GLAUDATO

AID/ASIA/EA:JVERMILLION (INFO)  
AID/ASIA/FPM:PDAVIS (INFO)  
STATE/OES/FA:BHALLMAN (INFO)

AID/ASIA/DR:PFORBES (INFO)  
AID/ASIA/DR/PD:JDEMPSEY (INFO)

IMMEDIATE SUVA

AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: FISHERIES TREATY PROGRAM II (879-0032) --  
APPROVAL OF PAAD

1. A-AA/ASIA HAS SIGNED THE PROGRAM ASSISTANCE APPROVAL DOCUMENT (PAAD) FOR THE SOUTH PACIFIC REGIONAL FISHERIES TREATY PROGRAM II FOR 14 MILLION DOLLARS ESF GRANT IN FY 1993 AND APPROVING A LIFE-OF-PROGRAM OF 140 MILLION DOLLARS, SUBJECT TO AVAILABILITY OF FUNDS, FOR THE TEN FISCAL YEARS 1993-2002.

2. ON RECEIPT OF BUDGET ALLOWANCE BY SEPARATE CABLE, YOU MAY ENTER INTO GRANT AGREEMENT WITH FFA FOR FY 1993 OBLIGATION. YY

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