

AGENCY FOR INTERNATIONAL DEVELOPMENT

UNCLASSIFIED

PD-131-254
87443

CAMBODIA PVO CO-FINANCING PROJECT
(442-0112)

PROJECT PAPER

LOP FUNDING: \$50,000,000
AUTHORIZED: 07/13/93

BEST AVAILABLE COPY

UNCLASSIFIED

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
C = Change
D = Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY

CAMBODIA

3. PROJECT NUMBER

442-0112

4. BUREAU/REGION

ASIA

5. PROJECT TITLE (maximum 40 characters)

PVO Co-Financing Project

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
1 | 2 | 3 | 1 | 0 | 0 |

7. ESTIMATED DATE OF OBLIGATION
(Under "B" below, enter 1, 2, 3, or 4)

A. Initial FY 9 | 3 B. Quarter 3 C. Final FY 9 | 7

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

FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
Approved Total	17,000		17,000	50,000		50,000
Grant	()	()	()	()	()	()
Loan	()	()	()	()	()	()
Other						
U.S.						
Host Country						
Other Donors						
TOTALS	17,000		17,000	50,000		50,000

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROVED PROJECT 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) 34					15,500		40,000
2) ESF					2,000		10,000	
3)								
4)								
TOTALS					17,500		50,000	

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

11. SECONDARY PURPOSE CODE

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

A Code							
B Code							

13. PROJECT PURPOSE (maximum 480 characters)

To engage the expertise of PVOs, both foreign and indigenous, and International Organizations to meet the humanitarian, development and economic assistance needs of high-risk, low-income groups in Cambodia.

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14. SOURCE EVALUATIONS

MM YY MM YY Final MM YY
16 | 9 | 5 | 0 | 6 | 9 | 5 | Final 10 | 19 | 10 | 10 |

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify):

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

I have reviewed the project financial plan and audit provisions, and concur that they are consistent with A.I.D. Regulations.

Richard McClure
Richard McClure
RSM/EA Controller

17. APPROVED BY

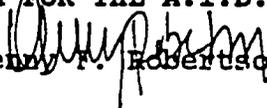
Signature: *[Signature]*
Title: Lee Twentyman, A.I.D. Rep
USAID/Cambodia

Date Signed
MM DD YY
17 | 12 | 9 | 13

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

MM DD YY
| | | | | |

ACTION MEMORANDUM FOR THE A.I.D. REPRESENTATIVE TO CAMBODIA

FROM:  Denny R. Robertson, O/PDE

SUBJECT: Cambodia PVO-Co-financing Project (442-0112);
Project Authorization

I. Problem: Your approval is required to authorize the Cambodia PVO Co-financing Project (the "Project") at a level of \$50,000,000 to be obligated over a five-year period. FY 93 obligations are estimated at \$15,000,000 of Development Assistance Funds and \$2,000,000 of Economic Support Funds, as discussed herein.

II. Authority: You have been delegated the authority to approve the subject Project by the Acting Assistant Administrator for Asia as contained in STATE 115351 dated April 15, 1993. This action falls within your delegated authority.

III. Background: A.I.D. has been supporting PVOs and International Organizations delivering humanitarian assistance activities in Cambodia since 1990. An evaluation of the current PVOs was conducted in March, 1993 to examine their effectiveness and explore ways of reducing the management burden associated with the likely growing portfolio. USAID/Cambodia's PVO grants have, until now, been authorized in small groups or on an individual basis combining bilateral funds with central project funds. This has resulted in a proliferation of project authorizations with differing terms and conditions, which has proved difficult to track and monitor. Since it is likely that humanitarian assistance will continue to be an important element of Cambodia's A.I.D. program, USAID submitted a New Description (NPD) for a Cambodia PVO Co-financing Project to AID/W in early 1993 consolidating humanitarian assistance activities. The NPD was approved and the project was designed by the Office of the A.I.D. Representative in Phnom Penh with the assistance of a contract design team and Regional Support Mission staff. The resulting Project Paper is more fully described below.

IV. Discussion: The Cambodia PVO Co-financing Project is a \$50 million effort to engage in expertise of PVOs, both foreign and indigenous, and international organizations in the design and implementation of activities to meet the humanitarian, development and economic assistance needs of high risk, low-income groups in Cambodia. Internal conflict associated with brokering of the peace process in Cambodia appears likely to continue for the next several years, although it is hoped that the May 1993 elections will bring a measure of stability. Nonetheless, any development strategy for Cambodia will continue to place a high priority on basic humanitarian assistance activities, such as public health,

displaced children, victims of wars, etc. Funds will be obligated over five years, subject to their availability.

The Project consists predominantly of competitively awarded grants and technical assistance for project management and evaluation. Eligible recipients of grants are US and foreign PVOs, indigenous PVOs and International Organizations (IOs). Technical assistance will consist of a number of PSCs depending upon the management burden.

Monies will be obligated annually and used to fund new grants, both unsolicited and solicited, or to incrementally fund on-going activities. It is anticipated that there will be approximately three cycles of grants during the Project, awarding larger and longer grants and encouraging the participation of umbrella and consortia PVOs, where appropriate, to reduce the management and oversight responsibilities of USAID Cambodia to the extent practicable. Cycling of grant awards should reduce the management burden associated with the obligation process. However, during implementation, USAID will conduct a needs assessment which may assist in focusing the Project.

The Project prescribes a gradual focussing of activities over time should the development climate of Cambodia improve. At present, a wide variety of activities are eligible for funding, including health care, education, HIV/AIDs, well drilling, demining, etc. The instability of the Cambodian situation and the tremendous needs throughout the country do not argue for limiting the scope at this time. However, during implementation, USAID will schedule a number of sector assessments (from other funding sources) which may assist in focusing the project perhaps as early as 1995.

The PACD is December 31, 2000. Two evaluations are scheduled; one in 1995 and one at the end of the project.

V. **Issue:** A Project Review was convened in Bangkok at the Regional Support Mission on June 14, 1993, chaired by the A.I.D. Representative and attended by representatives of the Project Development & Evaluation, Regional Procurement, the Regional Controller and the Deputy Director (Issues Paper attached). The project was judged technically sound by the Committee and recommended for approval. The following issues, raised by raised by AID/W during the NPD review and subsequently, were discussed:

A. Funding Level - The NPD was submitted at a level of \$75 million. During NPD review in AID/W, the level was reduced to \$50 million in recognition of the uncertainty of future program requirements. Should conditions warrant, it will be a simple matter to amend this authorization adding funds and extending the life.

B. Indigenous PVOs - The Bureau recommends continued encouragement of the indigenous PVO sector. Although this sector is extremely small at this time, USAID will foster the development

of new NGOs where possible and encourage them to apply for A.I.D. assistance, principally through the use of umbrella grants, e.g. PACT.

C. Sustainability - The Bureau suggests, and USAID/Cambodia agrees that sustainability be a criteria in the selection process for grant applications. Sustainability is clearly important, but it is noted that delivering humanitarian assistance activities in war-ravaged parts of Cambodia may require a lower priority on this criteria.

D. Gender Analysis - Women are the principal beneficiaries and deliverers of humanitarian assistance in Cambodia. No additional gender analysis is envisioned at this time.

E. PVO Matching Funds - The Bureau supports a 25% matching PVO contribution. However, it is understood that the A.I.D. Representative may exercise his authority to waive this requirement on a case-by-case basis.

F. Use of Management Contractor - It was suggested that a private sector contractor be utilized to assist in the monitoring and implementation of the Project, similar to the system used in Sri Lanka, among others. However, the AID Representative prefers to maintain direct relationships with PVOs and IOs. Hence, TA will be in the form of PSCs.

G. Initial Environmental Examination - A categorical exclusion was approved (attached to the PP as an annex).

H. Project Identification Document (PID) - A PID was not prepared for this activity as the feasibility of the project was self-evident by the existence of numerous PVO authorizations in Cambodia. No feasibility issues were raised during the NPD review in AID/W or subsequently.

I. Congressional Earmarks - Section 559(b) of the FAA requires not less than \$20,000,000 of funds appropriated for fiscal year 93 for Cambodia be made available only through international relief agencies, US PVOs and UN agencies. In FY 93, it is expected that the full amount of obligations under the Project can be attributed to this earmark. Of this amount, \$8,250,000 will count against the child survival earmark, of which \$5,000,000 will satisfy the Cambodian Children earmark.

J. Waivers - During implementation of current PVO activities, a number of waivers were approved utilizing the A.I.D.'s Representative's "notwithstanding" authority. Although FY93 funds are provided "notwithstanding any other provision of law," this will probably be the last year. Accordingly, it is important to begin to regularize the waivers required for future year implementation of the project, invoking "notwithstanding" authority only where it proves essential to begin implementation. Future

year funding will likely be subject to normal A.I.D. regulations and waivers will be prepared over the course of the upcoming fiscal year.

For many issues, however, the A.I.D. Representative and/or the A.I.D. Grant Officer have waiver approval authority. In those cases, the waivers will be approved where appropriate during grant negotiation this fiscal year. Project waivers, and their treatment, are summarized below:

1. *Lightweight Motorcycles (less than 125cc)*: A project waiver is required for the purchase of non-US source lightweight motorcycles (less than 125cc) for the life of the Project. There are no US sources for these vehicles and they comprise the principal means of transportation in Cambodia and are thus critical to the implementation of most PVO grants. This waiver applies to all grants under the Project where purchase of motorcycles is approved. A.I.D. Representative will exercise "notwithstanding" authority for FY93 and a waiver will be prepared for the AA/ASIA approval for subsequent funding years.

2. *Domestic and International Air Travel on Cambodian Airlines* - Air travel within Cambodia and between Phnom Penh and Bangkok is permitted on any Cambodian airline, such as S.K. Air and Air Cambodia, waiving the non-free world category. The justification for this waiver is based on the loss of productive work time if travel is restricted to non-Cambodian airlines. This waiver is approved using "notwithstanding" authority and will apply to all domestic and international travel using FY93 funds. Prior to FY94 obligations, this will be re-examined to determine whether the waiver is still required.

3. *Cargo Preference* - A waiver of U.S. cargo preference remains in effect until September 30, 1993 and applies to shipping under this Project. No additional waiver approval is required. Upon expiration of the current waiver, the U.S. shipping availability in Cambodia will be re-evaluated.

4. *Noncompetitive Purchase of US-manufactured Vehicles*: Many grantees require a waiver for the noncompetitive procurement of US-manufactured Jeeps in Cambodia pursuant to AIDAR 6.302-1; 41 U.S. C. 253 (c) (1). There is only one dealer in Phnom Penh and therefore, only one source for service and spare parts. This waiver may be approved by the Grant Officer at the grant level and will, therefore, be included in all PIO/Ts. "Notwithstanding" authority is not required and a project waiver is not necessary.

5. *Local Cost Financing with US Dollars* - All grantees require approval to use US Dollars for local cost financing due to the wide fluctuation of the Cambodian Riel and the increasing number of businesses that will not accept local

currency (particularly for consumer and imported goods). This is a Standard Provision in Handbook 13 and may be waived at the individual grant level by the Grant Officer. All PIO/Ts will include a request for approval of local cost financing with US Dollars.

V. **Congressional Notification:** The CN for the Cambodia PVO Co-financing Project was sent to the Hill and expired without comment on April 14, 1993.

VI. **Recommendation:** That you sign the attached PP Authorization and Project Paper face sheet approving: (a) the Cambodia PVO Co-financing Project at a level of \$50 million; (b) waiving source/origin requirements for the purchase of non-US source lightweight motorcycles for FY93 funds; and (c) waiving the non-free world category for domestic and international air carrier service on Cambodian airlines for FY93 funds.

Attachment: Project Authorization
Project Paper
Issues Paper

Document Drafted by: O/PDE:DRobertson:sc:pvo.aut:6/18/93

Clearance: O/PVO:AHuvos: (draft) date 6/15/93
O/FIN:RMClure: (draft) date 6/21/93
O/RP: LKelly: (draft) date 6/22/93
RA:ISmyer: (draft) date 6/28/93
DD:EMorris: (draft) date 6/30/93
PROG:DD'Antonio:  date 7/13/93

PROJECT AUTHORIZATION

Name of Country : Cambodia
Name of Project : PVO Co-financing
Number of Project : 442-0112

1. Pursuant to the Foreign Assistance Act of 1961, as amended, and to the Ad Hoc Delegation of Authority by the Assistant Administrator for the Asia Bureau contained in State 11531 dated April 15, 1993, I hereby authorize the Cambodia PVO Co-financing Project (the "Project") involving planned obligations of not to exceed Fifty Million United States Dollars (\$50,000,000) over a five-year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process. The Project Activity Completion Date (PACD) is estimated to be December 31, 2000.

2. The Project purpose is to engage the expertise of foreign and indigenous Private and Voluntary Organizations (PVOs), Non-Governmental Organizations (NGOs) and International Organizations to meet the humanitarian, development and economic assistance needs of high-risk, low-income groups in Cambodia. The Project will be implemented through a series of grants and cooperative agreements as well as contracts for, among other needs, project management technical assistance, evaluations and audits.

3. The assistance agreements necessary to implement the Project may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority, and shall be subject to the terms and conditions stated herein and such other terms and conditions that A.I.D. may deem appropriate.

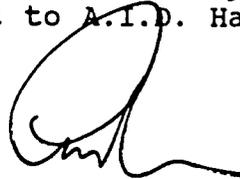
4. Source and Origin of Commodities; Nationality of Services.

Except as A.I.D. may otherwise agree in writing, or as otherwise provided below, commodities financed by A.I.D. under the Project shall have their source and origin and for services, their source and nationality in the United States.

Except as A.I.D. may otherwise agree in writing, all locally-financed procurement shall be subject to A.I.D. Handbook 1B and Handbook 13 Standard Grant Provisions.

7/13/93

Date



Lee Twentyman
USAID/Cambodia

Clearance Page for
Cambodia PVO Co-financing Project (442-0112)

Document Drafted by: O/PDE:DRobertson:sc:pvo.aut:6/18/93

Clearance: O/PVO:AHuvos: (draft) date 6/14/93
O/FIN:RMcClure: (draft) date 6/21/93
A/RP:LKelly: (draft) date 6/22/93
RLA:ISmyer: (draft) date 6/28/93
PROG:DD'Antonio: *[Signature]* date *7/30/93*

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CAMBODIA PVO Co-Financing Project

I. BACKGROUND AND OVERVIEW

A. Historic Background

In 1954, Cambodia gained independence from the French and Prince Norodom Sihanouk became its Head of State. At the time, Cambodia was a largely rural, relatively peaceful country, centered on traditional institutions (family, temple, village) and self-sufficient in food production. With the advent of hostilities on the Indochinese peninsula, Sihanouk sought greater isolation for his country to protect it from the escalating conflict.

Sihanouk was deposed in 1970 by General Lon Nol. Around the same time, Cambodia became a locus of the Indochina conflict, with U.S. bombing of the Ho Chi Minh Trail and other suspected Communist strongholds. In 1975, the radical maoist Khmer Rouge faction led by Pol Pot, overthrew the US-backed Lon Nol government and began a regime of terror and destruction of everything defined as urban, educated, Western, elitist, or individualist. The goal of the Pol Pot regime was to create a "pure" Khmer society based on workers communes (samaki khum), physically removed from family and based on pure socialism. Over the course of nearly 4 years, the Khmer Rouge's radical policies resulted in the death by starvation, mistreatment, exhaustion and murder of nearly one million people.

In late 1978, the Vietnamese invaded Cambodia and by April 1979 had driven Pol Pot and the Khmer Rouge from power. Although initially seen as liberators, the Vietnamese were declared an occupation force in 1982, and most international assistance ceased under a UN embargo. In the late 1980's, with the dissolution of the Eastern Bloc and the Soviet Union, Cambodia's sole source of financial and technical assistance dried up. Suddenly, there were no funds with which to run the government, with the predictable result that infrastructure crumbled, state employees such as teachers and doctors were without income, and goods, such as fertilizers and pharmaceuticals, were no longer available.

B. Cambodia's Development Situation: An Overview of the Human Resource Base

Ethnically, Cambodians are almost exclusively of the same stock and almost all practice the same religion, although there are small groupings of various hill tribes along the Lao and Vietnamese border and some Muslim Chams in the Southeast. The Pol Pot years, and the ensuing Vietnamese occupation were particularly hard on ethnic minorities, who made up 10% of

the 1960 population. It is estimated they now represent only 3% of the population of the nation.

In addition to the toll taken on minorities, the wars and strife in Cambodia over the past twenty-two years also skewed gender-based demographics, killing more men than women, and leaving women with long-term social and economic disabilities. Indeed, the adult population is estimated to be more than 60% female, with wide variations in that figure from region to region. The geographic areas most often contested during the years of warfare and civil unrest have the fewest men. However, since the entire population was uprooted during the Pol Pot regime, and since more than 25% of the 1970 population was either killed or fled the country, no family and no region is immune from these distorted demographics. At the family level, current United Nations estimates indicate that 25 - 35% of all households in Cambodia are headed by women. Prior to the war, this was extremely rare, as families tended to live in extended groups, with at least one senior male available in virtually every household.

C. The Paris Peace Accords -- Looking Towards the Future

The Paris Peace Accords were signed in October, 1991, after several years of negotiations between the four principle Cambodian warring factions, including the Partie of Democratic Kampuchea also known as the Khmer Rouge. The Accord provided for the creation of a coalition governing body, the Supreme National Council (SNC), headed by Prince Sihanouk, and the provisional administration of Cambodia by the United Nations until national elections in May, 1993. More importantly, however, the signing of the Accords and the arrival of the United Nations Transitional Authority in Cambodia (UNTAC) opened Cambodia to trade and aid from the rest of the world, and facilitated relief and rehabilitation activities by a host of UN agencies and PVOs.

One such agency, the United Nations High Commission for Refugees, has succeeded in repatriating some 350,000 Khmer from refugee camps in Thailand, and has begun the process of resettling nearly 200,000 internally displaced persons in areas where the security situation permits. It is estimated that out of this total, approximately 2,500 persons have returned to areas which are controlled by the Khmer Rouge.

Politically, however, implementation of the Paris Peace Accords suffered setbacks quite early on. Indeed, as early as June 1992, when Phase II of the Peace Accords calling for the disarmament and demobilization of roughly 135,000 soldiers was scheduled to begin, the Khmer Rouge indicated that they would comply with the Accords only once certain

conditions had been met. This attitude has persisted throughout the UNTAC tenure in Cambodia and culminated in their lack of participation in the UN sponsored elections held in May 1993.

Despite hindrances including some serious incidents of voter intimidation and violence, the elections that took place from May 23, through May 28, 1993, yielded results beyond all expectations. Close to 90% of the 4.7 million registered voters, exhibiting astounding courage, cast ballots giving no heed to rampant rumors and threats of polling site violence. A constitutional assembly was convened and the legislative process is proceeding according to that which is provided for in the Peace Accords.

Cambodia now faces the challenge of reconstructing itself after 22 years of ceaseless and particularly vicious civil war; ten years of economic and political isolation from the west; 14 years of ideologically-based economic and social policies based on the assumption that what was traditional to Cambodia should be eradicated; the deaths of more than one million people out of a population of nine million; the flight of another million or so (of whom at least half have permanently resettled in another country-- 240,000 of them in the United States); a low-level, localized threat of war; and a heavily armed, ill-educated population for whom all the social indicators (child mortality, literacy, per capita income, etc.) are the lowest in Asia, and among the lowest in the world.

In its efforts to regain its former development momentum, Cambodia must overcome these and other daunting obstacles. The most serious is perhaps the absence, at all levels, of any functioning societal institutions: civic, governmental, religious, or family. This is compounded by the extreme shortage of skilled and educated Cambodians. Yet another key difficulty is the extent to which Cambodia's infrastructure - physical, financial, and economic - has been destroyed. Short of a nuclear holocaust, the nation could hardly have been more thoroughly devastated.

D. The Institutional Resource Base

For the next several years, reconstruction, rehabilitation and development programs may have to be designed and implemented without the benefit of a normal country development framework. While the elections evidenced strong national support for democratic and pluralistic political and social systems, the transition will require time and international financial backing. At present, Cambodia has no fully functioning national administration and no funds to pay its civil servants. It has a minuscule educated class and few cadre of experienced people to create a civil service. For this reason, from an economical standpoint, Cambodia currently has no capacity to formulate policy to support the burgeoning economic activities of its highly entrepreneurial people. Aside from this, there is a marked absence

of functioning civic and social organizations with notable lacunas including lack of functioning national systems of health care delivery, education or taxation. Finally, geographically, despite the recent elections which should unify the country under one government, the country remains a fragmented, factionalized nation.

In spite these indisputably trying conditions, Cambodia has significant development potential. The population, although growing rapidly now, is relatively small and has, in the past, attained food self-sufficiency, despite low agricultural yields and a habit of planting only one crop per year. Cambodia has abundant, though untapped or mis-allocated natural resources, including one of the largest stands of tropical forest in Asia, and a wealth of precious gems. The land is rich, albeit in serious need of proper irrigation systems, and fishery resources are bountiful in the country's extensive river system.

One critical factor in commencing the process of re-establishing local structures is the ability of the government to generate revenues to pay its staff and equip schools, clinics, and hospitals. The role that the Khmer Rouge or other resistance forces may play in the future will undoubtedly affect the success of this endeavor. To the extent that national reconciliation fails, the struggle for popular support will most likely continue to be waged in villages, rendering true development extremely difficult if not impossible.

Succinctly, the challenge in Cambodia is not so much one of defining needs, as prioritizing them. Foremost among objectives is the necessity of dissolving internal borders and integrating the various provinces of Cambodia into a unified nation. On that basis, geographical specialization has no place, although it can be argued that since the signing of the Peace Accords, certain regions have received far greater attention and resources from international and non-governmental organizations. The scope of development activities is therefore considered national.

E. A.I.D. and the U.S. Assistance Strategy in Cambodia

Similarly to other donors, the USAID Representative's Office is operating in an uncertain context, given the unsettled political situation in the post election constitutional process. At the time of this writing, the U.S. has no diplomatic relations with Cambodia, and consequently, USAID has been precluded from establishing formal relations with the various ministries of the current government. It is expected that formal diplomatic relations will be established once a government is formed at the issue of the constitutional process now underway, and that a more traditional AID/Host Country program will then develop.

In 1986, after an absence of more than ten years, A.I.D. commenced channeling assistance to Cambodia, providing relief and rehabilitation assistance to two Cambodian non-Communist (CNC) groups in the northwestern part of the country. Known as the "cross border" program, USAID assistance consisted of medical equipment and supplies, transportation, food, training to support community development and health care. The program was administered by A.I.D.'s Office of Khmer Affairs (O/KA) in Bangkok.

With the signing of the Paris Peace Accords, the scope of USAID's program was broadened to encompass and deliver more traditional humanitarian assistance throughout the country. Until the opening of the Office of the A.I.D. Representative in mid-1992, all USAID activities in Cambodia were managed by the O/KA in Bangkok. Thereafter, with the exception of the "cross border" program, they were transferred from O/KA to the newly established USAID office in Phnom Penh.

At present, the overall \$27 million USAID assistance program for FY 1992, implemented principally through PVO's and International Organizations (IO's), and to a limited extent through private contractors, consists of a three-pronged effort including:

- humanitarian assistance to satisfy basic needs, delivered through PVO's and IO's;
- funding for infrastructure, e.g. rural roads and bridges; and,
- support for the establishment of democratic processes and institutions.

The humanitarian assistance program, composed of a portfolio of 14 direct grants to individual PVOs, has been funded under the Aid to Children and War Victims (ACWV) Project (an AID/W centrally-funded project). These grants address a range of basic needs, particularly public health. In addition to these direct grants, a cooperative agreement with PACT (Private Agencies Collaborating Together) was awarded to establish the Cambodia Community Outreach Project (CCOP), a PVO umbrella project under which PACT provides sub-grants and support services to seven small U.S. private voluntary organizations and a growing number of indigenous groups. Three of PACT's sub-grants support Khmer-American organizations participating in rural community development and vocational training activities.

PVO humanitarian assistance program decisions have been, and continue to be, largely driven by keen Congressional interest in Cambodia, as evidenced by current legislation which mandates that a significant portion of A.I.D. resources be administered by U.S. PVOs and IOs. Indeed, the FY 1993 Foreign Assistance Law provides that not less than \$20 million of funds appropriated for development assistance and economic support must

be made available only through international relief agencies, US PVO's and IOs. Of that amount, a total of \$8.25 million is earmarked for Child Survival.

A Cambodian-American "Peace Corps" style project is also administered by PACT. The \$1.0 million project entitled "Cambodian American National Development Organization (CANDO)" recruits Cambodian-Americans to serve in Cambodian institutions meeting the country's humanitarian and development needs, promoting peace, and nurturing democracy. The project is administered by PACT in cooperation with the Cambodian Network Council (CNC) of Washington, D.C.

In addition to the PVO activities, USAID's Emergency Roads Repair Project will provide \$40.0 million over three years to finance the rehabilitation of more than 750 kilometers of rural roads and bridges, as well as related de-mining activities. The purpose of the roads project is to encourage the return of refugees and war victims to their original living areas. The roads project is intended to complement ACWV and its successor projects by facilitating delivery of humanitarian and basic needs assistance to low-income rural areas.

The Democratic Initiatives Program consists of grants to the Asia Foundation and the two international organizations related to the two major American political parties. The project is designed to provide \$15 million over 4 years to various American NGO's and IO's for training and technical assistance in the rule of law, political pluralism, and the re-establishment of a civil society.

F. The PVO Humanitarian Assistance Activities

U.S. support to PVOs under the ACWV fund has grown from \$2 million in 1990 to a total of \$18.0 million at present. As stated above, the current grant portfolio includes fourteen organizations with grants ranging from \$198,845 to \$2,062,230. Geographically, projects are located in the following provinces: Kandal, Kompong Speu, Battambang, Pursat, Kompong Chhnang, Prey Veng and Svay Rieng, Takeo, and Kampot. However, there are notable differences in the density of NGO presence in these provinces.

The portfolio consists of a broad range of activities directed to mothers, children and victims of war, and seeks to address needs in areas such as:

- implementing the national expanded program of immunization in cooperation with UNICEF;
- problems related to malnutrition;

providing prosthetic devices to persons handicapped as a result of landmine accidents or birth;

developing non-formal education centers to promote the education and teaching of health and hygiene to pre- and postpartum women;

family employment and income generation activities;

improving the quality and effectiveness of community-based health workers through on-the-job training and seminars.

In addition, current plans call for the transfer of the "cross border" program to the Phnom Penh Office of the A.I.D. Representative prior to the end of fiscal year 1993.

Despite the emphasis on meeting basic needs, almost all ACWV grants include training and education components to lay the groundwork for more sustainable, self-sufficient activities in the future. For instance, the immunization program is carried out with a view both to immunizing women and children and educating them on the benefits of the immunization program. Similarly, food supplement programs provide education in food generation and health as it relates to nutrition.

Prosthetics projects have a vocational component designed to teach participants techniques of manufacture and the fitting of artificial limbs. Some projects also have a wheelchair construction component. The projects place strong emphasis on the importance of family support and strive to achieve the reintegration of the handicapped into everyday life.

II. PROJECT RATIONALE AND STRATEGY

A. The Project's Goal, Purpose and Objectives

The goal of the project is *to improve the socio-economic status of Cambodians in general with a strong emphasis on rural Cambodian communities*. This goal will be accomplished by re-establishing and strengthening self-reliant community institutions, public and private, enabling Cambodia's most economically disadvantaged to resume the processes of development.

The purpose of the project is *to engage the expertise of PVOs, both foreign and indigenous, and IOs in the design and implementation of activities to meet the humanitarian assistance needs of high risk, low-income groups in Cambodia*. The project seeks to achieve four basic objectives:

- Give socially and economically disadvantaged Cambodians access to basic needs;
- Increase productivity, enable families to raise family incomes through income generating activities and create employment opportunities among target beneficiaries;
- Increase the capacity of PVOs to plan, manage and execute development activities and facilitate coordination among themselves and government organizations as they emerge in Cambodia; and
- Promote and develop a core of indigenous NGOs capable of managing and implementing development activities in Cambodia, with a view to establishing, among other goals, a pluralistic society that fosters the respect of human rights and builds sustainable democratic institutions.

B. Rationale for the PVO Co-Financing Project

Rather than replace the traditional Khmer social infrastructure, the PVO Co-Financing Project seeks to re-build the social infrastructure, drawing on local cultural elements, and has purposefully taken into account the following:

1. The country's short-term need for immediate and continued humanitarian assistance through sustainable projects ;
2. The country's longer-term need to restore and strengthen the capacity of its own basic-needs delivery structures by

emphasizing local human resource and institutional capacity building as the dominant approach of assistance activities;

3. The need to evolve program focus over time, from meeting immediate basic human needs to human resource capacity building activities that foster the establishment of the institutional bases required for the constitution of a pluralistic and democratic society;
4. The overriding need to foster and assist the development and operation of national programs, integrating areas formerly under factional control.

C. Beneficiaries

The beneficiaries of the PVO Co-Financing Project will be much the same as those in the previous PVO activities: high-risk, low income groups, particularly infants and children, women, the disabled and other war victims. However, as noted, the primary objective of the Project will be to strengthen sustainability of Cambodia's rehabilitation programs by stressing activities that explicitly foster and develop community faculties to provide basic services. Consequently, the beneficiaries of the Project will mostly be the residents of the communities involved, although the focus of Project activities may be on the community and the need to reinforce the civic structures that support the individual's quality of life at the village level, rather than on the individual per se.

To accomplish this, PVO projects will have to target, among others, community groups, local leaders, existing village health workers and sub-district teachers, all of whom are traditional deliverers of service, for skills upgrading. Sustainability will be achieved through strengthening of the capacity of the indigenous service systems. Therefore, as the Co-Financing Project evolves during the implementation phases, the beneficiary profile will also evolve, from those needing immediate assistance ("victims"), to those providing it (village systems).

In an effort to reach those in gravest need, the Co-Financing Project will also seek to increase the geographic spread of grantee activities to include beneficiaries in currently unserved or under-served parts of Cambodia where security and other conditions permit. Under the ACWV program, although PVO activities were fairly widespread they still left significant portions of Cambodia without coverage. Locating programs in new areas of the country, is one of the criteria for selection stated in both of the USAID's recent IFAs.

D. The Use of PVOs as Implementors

PVOs offer a number of programmatic advantages to USAID in implementing its Cambodia program. PVOs have already established themselves in the country, owing in large part to the USAID's ACWV grants, and have built good working relationships with USAID staff. PVOs generally function with a minimum of management support in the field. This minimizes USAID's management burden. Mainstream U.S. PVOs have grown consistently more professional over the last decade and have already demonstrated in Cambodia that they can identify needs and design worthwhile programs to address them. PVOs also provide USAID with a degree of flexibility in responding to constantly changing requirements in a volatile situation and serve to deepen its understanding of circumstances in the country.

In sum, the use of PVOs and IOs under the Co-Financing Project constitutes an efficient vehicle for programming funds with one project authorization without the necessity of seeking multiple approvals from AID/W. Additionally, of course, USAID is presently mandated by Congress to use PVOs extensively and this requirement is likely to continue in the near future.

The proposed PVO Co-Financing Project, like the ACWV activities, is part of an increasingly complex NGO scene. The NGO sector is expanding rapidly and making important contributions in Cambodia, particularly in the absence of an established government. When the Paris Peace Accords were signed, there were barely a dozen NGOs in the country. Currently, however, some 65 foreign PVOs are listed as members of the Coordination Committee of Cambodia (CCC), the NGO-founded facilitator for information exchange. In addition to this number, there are over one hundred organizations in Cambodia that consider themselves to be PVOs or NGOs, although, of that number at least half are quite new and very fragile, and several have a human rights or religious focus rather than a strictly traditional development assistance focus.

E. The USAID Management Capacity

USAID plans a funding level of \$50.0 million for the seven-year life of the Co-Financing Project. Staffing of the Office of the A.I.D. Representative at present consists of only three Direct Hire employees (the USAID Representative and two Supervisory General Development Officers -- Program and Project), as well as two expatriate Personal Services Contractors, one of whom manages the PVO portfolio.

While it is imperative that the present staffing level be increased as the scope of the overall program broadens, the design of the Co-Financing

Project is predicated on the assumption that the Office of the A.I.D. Representative will continue to face a major staffing constraint. In the past, grantees seeking assistance in their efforts to achieve greater coherence in their projects, have generally consulted USAID through informal channels. Based on this past experience, informal guidance in the early stages of the Project will continue to be used as the most effective way to get grantees to think more strategically about the use of project resources.

Management efficiency will continue to be a high priority. Under the PVO Co-Financing Project the management burden can be minimized by:

- Taking full advantage of the accountability and responsibility required of grantees in the grant mode;
- Requiring grantees to arrange and implement evaluations and audits, with USAID approvals;
- Standardization of simple, consistent grant agreements without any unnecessary approval requirements, and with blanket waivers wherever possible;
- Moving grant awards toward larger amounts of money and longer periods of time, decreasing the need for amending or issuing new agreements; and
- Encouraging consortium grants or cooperative agreements to diminish the number of grants directly managed by the Office of the A.I.D. Representative.

F. The Proposed Phasing of Project Activities

The Project is being designed to permit USAID to respond rapidly to the fast-changing circumstances of Cambodia's political and economic situation. It will allow the focus of project inputs to be shifted as the project evolves from intensive concentration on the need for continued rehabilitation assistance to a more sustained focus on strengthening institutional and human resource capacities for local development. As circumstances warrant over the life of the Project, activities should move toward more strategic and sustainable use of A.I.D. and PVO resources.

G. The Early Years of the Project

As is called for in the two Invitations for Application (IFAs) issued by USAID in early 1993, most grants awarded in the early years of the project will emphasize the broad goals of provision of basic human needs and

income generating activities, as well as the re-integration of the formerly displaced. Most initial grants will be of 2-3 years' duration.

To a large extent, it is anticipated that the grantees participating in the first phase of the Co-Financing Project will be the same organizations currently involved in Cambodia. The recent evaluation has indicated that for the most part these organizations are being responsive to the country's needs and meeting them effectively. Because they already are established in Cambodia, their programs are less management-intensive for USAID.

However, in some cases, new U.S. PVOs will become interested in the country's situation and seek USAID support. This is appropriate for the next 2-3 years in that it allows for the situation in Cambodia to stabilize and for the USAID to establish itself more completely. It will also extend geographic coverage of PVO activities and coincides with the USAID's ambition to put the Project on a nation-wide footing. This does not preclude other, new organizations from applying for grants, as each proposal will be reviewed both on its merits and the capabilities of the NGO.

The benefits conferred by the first cycle of newly-funded projects will largely be centered in the areas of preventive health care and child survival, with most activities aimed both at providing specific services and increasing the capacity of rural communities to take over delivery of these services. For example, not only will children be inoculated against childhood diseases, but cadres of village health workers will be trained to continue the program of inoculations. It is anticipated that some benefits will also be derived in other areas such as family planning, improved water supply, education, community development, and the provision of basic human services. A key simultaneous accomplishment will be the transfer of organizational skills through training activities to local persons and systems.

Despite its staffing limitations, USAID will subject grant proposals to a rigorous technical approval process. In addition, USAID will continue to emphasize informally the desirability of certain programmatic characteristics and to provide useful guidance to grantees as they prepare proposals.

There are several areas where it is clear even now that grantees should be encouraged to place as much emphasis as possible. Foremost among these is human and institutional capacity building. Grantees will be required to submit detailed implementation plans that include formal staff training plans outline how they propose to build the skills of beneficiary groups and indigenous PVOs.

By the time the grants are awarded, it may be possible for USAID and the PVO grantees to establish formal relations with government entities. Grantees should be asked to document their plans for building local institutional capacity and for avoiding undue reliance on so-called parallel

structures, which was often unavoidable in previous operations. Grantees will also be encouraged to broaden geographic coverage where possible to support the process of making the USAID program truly national in character.

H. Future Grants

It is anticipated that Cambodia will have begun to recover its infrastructure and capacity to govern by late 1995 when the immediate relief needs of the resettled elements of the rural population will have been met. While there is likely to be a residue of special needs, even the most vulnerable populations will have achieved some level of integration into community life. Cambodia will be in a position to take on the tasks of longer-term economic development, including institutional capacity building and community development efforts. A PVO Co-Financing Project mid-term evaluation will be conducted at that time. Thereafter, new grants will be awarded based on both the findings of the mid-term evaluation and a series of baseline and sectoral strategy studies carried out by USAID once the new Cambodian government is in place. The results of the mid-term evaluation, will enable USAID to make future grants on the basis of sound and focused information.

Given foreseeable continued staffing constraints, there will be fewer and larger grants targeting specific sectors. The objective of such larger grants, be they in the form of consortia or cooperative agreements, will be to bring together coherent packages of required technical skills while relieving USAID of the management burden of monitoring each individual grant. For example, a melding of complementary skills can be envisioned for a concerted irrigation and water-management undertaking, or a family planning and AIDS Prevention and Control effort. Alternatively, a consortium might divide work up geographically, with one PVO working in each of four or five parts of the country.

Future rounds of grants will move the project more broadly into community development and capacity building activities. To some degree, the quality and effectiveness of new PVO interventions will depend both on the criteria USAID includes in its invitations and requests for applications and proposals, and on the bilateral program established with the new Cambodian government. To the extent that the sector surveys indicate new program areas requiring assistance, future years' activities will be geared to inducing U.S. PVOs with technical skills in specific areas of expertise to join the program. In any event, by the end of 1995, USAID should have the information derived from the evaluation with which to prepare focused requests.

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I. The Later Years of the Project

As already noted, IFAs for later grant cycles of the project will attempt to induce PVOs to provide more concerted support for selected longer-term capacity building and community development activities. These may include, but are not limited to, activities such as improved water supply systems, upgraded health care capacities, vocational training, informal education and income generation, and environmental preservation programs.

The second cycle of project activities will seek to solidify the country's institutional base for sustainable long-term community development by creating and nurturing the organizational and individual skills which will allow indigenous development programs to move forward. It is expected that this process will lead to the following outcomes:

- Capacity in participating villages and sub-district health systems to provide for the preventive and curative health needs of the local population;
- Indigenous capacities developed in participating villages to define and carry forward community development activities like well drilling and health education with minimal PVO or other external supplies and supervision needed;
- Within the participating expatriate PVOs, Khmer staff will have been trained increasingly to take over such important agency functions as administration and skills transfer programs;
- Some indigenous organizations, whether informal groupings of beneficiaries or more formalized civic or development-oriented groups, will have been sufficiently trained, on site or through regional technical assistance and exchanges, to carry their programs forward either in full partnership with expatriate PVOs, through direct grants from USAID or through their own resources;
- Government outreach services will have been strengthened through PVO capacity building programs. It is the intention of the PVO Co-Financing Project to re-establish civil capacities, not replace them. Therefore, as government systems again become established at district and village levels, PVOs will work with and through them, rather than through parallel systems;
- Community and other leaders will have been trained in institutions elsewhere in the region under various mechanisms funded under specific grants. The training will be aimed

specifically at increasing capacity to develop and manage community-level programs.

J. Anticipated End of Project Status

By the end of the Project, it is anticipated that the Co-Financing Project will have strengthened the capacity of a select number of PVOs to help rural communities provide basic human services in most parts of the country. The nature of the services will depend upon the needs of the individual communities and the expertise developed by community participants.

Given the history of U.S.-financed PVOs in Cambodia, it is likely that health care will continue to be an area of particular emphasis even after the Project completion. Health programming in the later stages of the project may begin to focus more on preventive health practices and capacity-building at the village or sub-district level. By mid-1995, it is estimated that curative health programs, construction of clinics and other infrastructural facilities should be completed or picked up by multilateral donors and the host government. In any case, health care activities will be programmed based on demonstrated need.

USAID expects to continue one or more umbrella projects. In addition, it is hoped that certain sub-grantees will assist in the creation of local independent, indigenous NGOs capable of receiving support either directly or indirectly from USAID or from other donors. To this end, USAID will encourage the establishment of an NGO resource center, providing technical and/or support services to new, indigenous and other NGOs. At this point, however, it is not possible to predict which services the center will provide to NGOs, but it would likely include information sharing on technical topics, training and technical assistance opportunities, regional staff exchanges, and locally-based training for NGO staff, particularly on management issues. Such assistance is labor intensive and will require additional long- and short-term staff.

III. THE SCOPE OF THE PVO CO-FINANCING PROJECT

A. Project Description

The PVO Co-Financing Project will employ the most suitable funding mechanism to carry out the objectives of the Project: this may include, direct grants, consortium grants and/or cooperative agreement "umbrella grants", to accommodate USAID management constraints and the needs of beneficiaries. Direct grants to individual PVOs and IOs will be the dominant funding mechanism used throughout project implementation. It is hoped that umbrella grants and grants to PVO consortia will become significant instruments for funding PVO activities during the later years.

Additional tools for Project planning will be a series of needs assessment (funded by USAID outside this Project), a mid-term evaluation leading to a refined humanitarian aid strategy and a second evaluation to allow forward planning and implementation adjustments later in the Project. Where necessary, USAID will also have the capability of funding carefully targeted technical assistance to support important implementation-related aspects of the project.

B. Funding Mechanisms

1. Direct Grants to NGOs

Direct Grants are the basic mechanism by which USAID will make funds available to PVOs to meet the objectives of the Co-Financing Project. They consist of an agreement between USAID and the PVO in which programmatic objectives to be achieved over a specified period of time are outlined and an agreed-upon budget is set forth. Grantees are responsible for achieving the objectives contained in their grant agreements and USAID has minimal day-to-day involvement in decision-making. Use of the grant mode is aimed specifically at placing as much responsibility for implementation and performance as possible on grantee organizations.

2. Direct Grants to International Organizations

At the time A.I.D. began its Cambodia program, it did not have a wide choice of implementors, particularly those with the capacity for meeting some immediate needs such as immunization and food delivery. Some ACWV grants were made to IOs and it is expected others may be made during the early years of the Co-Financing Project.

IOs receive funding from a number of different sources and have such a call on international resources that the impact of USAID support becomes

blurred. Further, institutional capacity building will at some point become a major objective of Co-Financing Project grants. Local capacity building is not generally a primary objective of IOs and, owing to their own mandates, not always easy for them to undertake. Consequently, if, on the basis of the evaluation, USAID wishes to continue to support the various services currently being provided by IOs, such support may, in time, be provided through grants to PVOs rather than through IOs.

3. Direct Grants to Consortia

Consortium grants, like umbrella grants, are a mechanism that diminish the management burden of USAID. Consortium grants are initiated by potential grantees normally working in related fields who agree, primarily for administrative purposes, to establish a management unit headed by a lead PVO that serves as grantee and as the funding conduit to the other members of the consortium. USAID deals with the lead agency, which has administrative responsibility for project management, rather than with the individual consortium members. The proposed activities to be undertaken by individual members are contained in a joint proposal submitted to USAID. The resulting grant agreement covers the activities of each member. Consortium grants allow a great deal of operational autonomy for members. Funding of component organizations is as great as it would be if grants were made directly.

Although consortium grants can work merely as administrative mechanisms, their effectiveness and impact are greatly increased when members engage in joint planning efforts to achieve internal coherence in sectoral or geographic focus. This concert of effort would be a prerequisite to funding any consortium mechanism, which, in any case, would be subject to the same rigorous technical and other selection processes as for direct grants.

4. Cooperative Agreements -- "Umbrella Grants"

An umbrella grant is a variation of a direct grant that provides USAID a somewhat more flexible administrative mechanism for making funds available to new organizations not registered with A.I.D., indigenous organizations, organizations with innovative or experimental purposes or simply funding requirements so small they would be inefficient for USAID to administer directly. Umbrella mechanisms also enable USAID to make provision for special technical or management support services necessary to achieving objectives.

Umbrella grants provide a pool of funding in the form of a direct grant to a qualified PVO charged, in turn, with making and managing sub-grants to organizations whose programs are in keeping with the programmatic

objectives contained in the grant agreement between USAID and the umbrella PVO. The portfolio currently has one umbrella mechanism in the form of a Cooperative Agreement with PACT.

Staff of the Office of the A.I.D. Representative will be less involved in the sub-grantee selection process and other aspects of the work of the umbrella project. Naturally, the lesser the degree of USAID involvement, the less the management demands on its personnel. Sub-grantee selection must in any case be carried out consistently and in accordance with mutually agreed upon criteria. Since the sub-grants are smaller, the process can be made commensurately less elaborate but it should contain the same criteria as the selection process for direct grantees.

It is anticipated that the broad mandate for the PACT umbrella grant will remain the same for the Life of Project with emphasis on fostering indigenous institutions and creating support mechanisms for NGOs and PVOs in Cambodia.

C. Technical Assistance and Training

The technical assistance ("TA") needs to be funded under the Co-Financing Project are varied and arise from recommendations in the ACWV evaluation. The TA component will be used to fund project management services and evaluations. The TA component may also be used to follow up on certain aspects of the evaluations.

Grantees normally will also budget technical assistance as an integral part of their grant proposals, but there will be situations where USAID will want to provide additional support. This may include brief one- or two-day training or new-grantee orientation sessions concerning A.I.D. procedures regarding procurement or financial monitoring, specific requests from a direct grantee or consortium member or assistance to an entity like Cooperation Committee for Cambodia (CCC) which is not a USAID grantee but whose work is complementary to the Co-Financing Project. Occasionally, technical assistance will be used to meet a pressing project-related need that falls outside scope of Project's grant activities.

D. Evaluations

A mid-term evaluation of PVO activities will be undertaken in 1995. The evaluation will focus not only on the process, but also on project output achievements as well as progress and impact but on the relevance of specific PVO activities to the current needs of the country. Some activities may be deemed inappropriate to a longer-term humanitarian assistance strategy, or beyond the capacity of USAID and the PVOs to implement effectively. It is entirely possible that the mix of post-evaluation activities

and even the PVOs destined to receive USAID grants will be very different from those funded at the outset of project implementation.

A second evaluation, at the end of 1996 or early 1997 will be conducted to enable USAID to further adjust program objectives, and to begin planning for a possible follow-on Co-Financing Project.

IV. THE IMPLEMENTATION PLAN

A. The USAID Project Management Team

It is anticipated that USAID will require an additional 3-4 staff persons to manage and monitor the Co-Financing Project. At a minimum, the team will include one PVO Project Manager, an Assistant PVO grant manager, and two or three monitoring officers. The PVO Project Manager will have PVO experience either from prior work in the NGO sector or from managing PVO programs with A.I.D. The Assistant grant manager will have strong financial management and monitoring skills enabling USAID to maintain firm accounting controls at the level of the A.I.D. Representative's Office. The chief responsibilities of monitoring officers will be to maintain liaison with grantee programs in the field. Special attention will be given to developing the skills of any Khmer staff so they can play ever more significant roles in project management and monitoring.

B. Grant Award Schedule

Monies will be obligated annually and used to fund new grants, both unsolicited and solicited proposals, or to incrementally fund on-going activities. It is anticipated there will be approximately three major grant cycles during the Co-Financing Project. The first will award grants in response to the January and March 1993 IFAs. A second will award grants in response to an IFA issued following completion of the mid-term Project evaluation. A third will obligate funds to PVOs through EOP, following the second evaluation, which also will serve for planning of a possible follow-on Co-Financing Project. To minimize the management burden and facilitate the gradual focussing of grant purposes, grants generally will be made for two to three years and those in each cycle will be co-terminous wherever possible.

As discussed above, grants to IOs may be phased out depending on conditions prevailing in the country. Umbrella grants may be funded for a period longer than three years and, where appropriate, extended with a narrower focus after the second evaluation. USAID may also consider awarding additional consortium grants. If country conditions persist in the current fluid pace, it may be necessary to increase the number of grant cycles or respond outside a regular cycle to an unsolicited proposal or unexpected target of opportunity. For reasons of management efficiency, however, these occasions will be minimized.

C. The Project Selection Process

Where possible, a gradual focussing of grant purposes, and creation of sound grantee selection processes are the best ways for the Project's management team to ensure high quality PVO interventions that are suitable to the needs of the country. The process will begin with carefully drafted IFAs and other public announcements of grant availability. The keys to attracting appropriate grantees and strong proposals are clear selection criteria and descriptions of program requirements. The Project management team will be greatly assisted in establishing sound criteria and priority needs by the sector surveys and evaluations.

The broad scope of the 1993 IFAs will limit the ability to narrow programmatic focus or eligibility requirements of PVO grantees. Nevertheless, the mission will emphasize the desirability of certain programmatic characteristics by providing informal guidance during proposal development and by clarifying requirements during the review process. There are several areas where it is clear even now that grantees should place as much emphasis as possible.

Grant awards themselves will be based on thorough technical reviews. Reviews will address management capacity of the grantee organization, field staff and field-level administrative structures (including home office support), technical competence demonstrated by grantee organizations, and staff qualifications.

In subsequent grant cycles it will be possible to provide strengthened criteria like the following in IFAs and in the review process:

- Track record in Cambodia. Competence should be measured in areas both of project impact, adherence to implementation plans, spread effect, etc. and in terms of quality and timeliness of reporting to A.I.D., effectiveness of financial management, procurement, and grant administration;
- Clarity and completeness of human resource development sustainability planning. PVOs should be judged on the extent to which they have laid out specific, phased plans for the upgrading of capabilities of Khmer staff and of project beneficiaries to ensure human and institutional sustainability.
- Quality and appropriateness of project planning and assessments. Priority should be given to PVOs that have carried out surveys of their project areas, justifying need and demonstrating the technical feasibility of proposed activities, as

well as providing baseline data against which to measure progress;

- Appropriateness of project design to meet needs of women beneficiaries. Special attention must be given to accurate gender analyses and to reflecting their results meaningfully in project design because of the predominance and special vulnerability of women in PVO project areas;
- Technical qualifications of staff proposed. PVOs need to demonstrate that they have access to technical expertise commensurate with the complexity of their project activities;
- Collaboration with local organizations. PVOs need to outline their formal or informal plans to increase capacities of local governmental and non-governmental organizations in their project areas.

D. Coordination

Regular, informal meetings, convened by the PVO Project Manager with grantees, the Project management team and, when possible, the USAID Representative, will allow USAID and PVOs to share program information and discuss and resolve nuts and bolts issues of grant management and A.I.D. regulations. It is hoped this will decrease the amount of management time devoted to the needs of individual PVOs.

The Management Meetings will provide an ideal locus for grantee coordination. Coordination of grantee programs will emerge as a natural by-product of a more substantive monitoring role. In many cases, the improved use of resources and better decision-making will result spontaneously from the opportunity for grantees to share information about their work. Project staff also can encourage closer coordination in group and individual discussions with grantees.

At the more general level, USAID will continue its participation in relevant coordinating groups that exist in Cambodia at the national and regional levels and encourage grantees to do the same. Where indicated, USAID also will stand prepared to offer minimal financial support to coordination efforts that further the objectives of its programs in Cambodia.

E. Gray Amendment

The involvement of Gray Amendment firms will be solicited to the extent possible in any portions of the PVO Co-Financing Project which are undertaken through competitive contracting mechanisms. These include the

procurement of technical assistance for the management and monitoring of the Project as well as evaluations.

F. Procurement Plan

Procurement under the Project is described in the table below. This is illustrative and is intended as guidance during project implementation.

ILLUSTRATIVE PROCUREMENT PLAN

Description	Instrument	Estimated Cost	Fiscal Year	Method of Financing
Direct Grants & Amendments		\$42.0 million	Throughout LOP	FRLC
- PVO				
- Cooperative Agreements				
- Consortium				
- Contingency Support		\$1.0 million		FRLC
SUB TOTAL		\$43.0 million		
Technical Assistance				
- Evaluations & Audits	AID Direct	\$1.0 million	Throughout LOP	Contracts
- Project Monitoring & Management	AID Direct PSCs	\$6.0 million	Throughout LOP	Contracts
SUB TOTAL		\$6.0 million		
GRAND TOTAL		\$50.0 million		

In terms of contracting technical assistance, the Project provides for approximately four discrete contracting activities (two evaluations and two external audits), each on the magnitude of \$250,000. An additional \$6.3 million has been set aside for emergency support grants and project monitoring and management services, to allow the USAID some latitude in its programming. It is expected that USAID may hire an additional 3-4 employees to manage the Co-Financing Project, probably as PSCs.

1. Procurement of goods and services

All goods and services for USAID, grantees and sub-grantees in the Co-Financing Project will be procured in conformance with A.I.D. regulations. The eligibility rules for the procurement of goods and services are based on source, origin, and nationality and are divided into two categories. One applies when the total procurement during the life of the grant is over \$250,000 and the other applies when the total procurement element during the life of the grant is not over \$250,000. The total procurement element includes procurement of all goods (e.g. equipment, materials, supplies) and services. A.I.D. policies on source, origin, and nationality are contained in Chapters 4 and 5 of A.I.D. Handbook 1, Supplement B, (Procurement Policies).

The evaluation of ACWV activities indicated that grantees have found procurement particularly difficult. USAID will clarify country-specific issues for grantees and explore the possibility of using internal procurement expertise for training of grantees. In general, however, the rule of thumb is that grantee headquarters are responsible for administrative support to their programs. They have the capacity and experience to handle procurement for their field programs.

The Project should provide for training and technical assistance services from regional Asian institutions. Technical assistance and staff and beneficiary exchanges will be an increasingly important element of the Project because of emphasis on capacity building of grantee staff, of beneficiaries and of local institutions. Some of the most important and innovative thinking and practice in the world on local human and institutional capacity-building presently is occurring in countries like Indonesia, The Philippines and Bangladesh. Therefore, it is essential that the capacity-building efforts of the Cambodia Co-Financing Project have ready access to this unique expertise. Reasons of cost, programmatic relevance and the benefits to be derived from establishing linkages within the region are equally compelling. Thus, USAID will attempt to secure a blanket waiver enabling procurement, where appropriate, for training, technical assistance and related services from relevant A.I.D. Geographic Code 935 countries.

2. Procurement plan and contracting requirements

PVO recipients of A.I.D. grants will be required to have: (1) the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and disbursement; and (2) a financial management system that meets USAID standards for fund control and accountability.

G. Monitoring and Evaluation Plan

1. Project Monitoring

Project monitoring will be accomplished by a variety of mechanisms, including grantee quarterly reports, project officer visits, financial and operational monitoring by USAID, periodic visits to grantee project sites, and by mid-term audits of the grant and grantees by independent audit firms. All grantees will be required to submit quarterly financial and operational reports which are reviewed by USAID project officers. Periodically, USAID project officers will visit the grantees to get a first hand look at activities.

Later in the Project, the A.I.D. management team will be able to devote much of its attention to substantive monitoring that ensures timely expenditure of obligated funds, grantee impact and programmatic quality. Increased monitoring capacity will enable adaptations and adjustments that arise from changing needs and circumstances.

Annex E contains detailed information regarding the project monitoring requirements.

2. Grantee Evaluations

Funds for grantee evaluations will be included in grant agreements. Grantees will be responsible for carrying out evaluations according to A.I.D. procedures. Grantees will prepare Scopes of Work and hire evaluators, subject to USAID prior approval. The evaluations will help grantees in ongoing adaptation of their programs to meet beneficiary needs and USAID in planning decisions. Thus, grantee evaluations carried out at the midpoint in grant cycles will be more valuable than those conducted at the end.

3. Grantee Audits

All grants and contracts will be with U.S. entities. In accordance with A.I.D.'s Audit Management and Resolution Program (AMRP), recipient audits will be part of grant awards. This program is administered by the AID/W (FA/OP and IG/A) audit compliance system. The prime contractor or grantee is responsible for the management of audit requirements for sub-grantees and sub-contractors.

V. FINANCIAL MANAGEMENT

A. Overview

The Cambodia PVO CO-Financing Project has a life-of-project funding level of \$50 million over seven years (1993-1999). The program will be implemented through various PVOs, IOs, consulting firms and other providers of technical assistance. Two IFAs have been issued to date, which will solicit many of the project proposals that USAID will fund over the next two years. Additional IFAs will be released over the life of the project, from which future project proposals will come. The illustrative Summary Cost Estimate and Financial Plan follows:

ILLUSTRATIVE SUMMARY COST ESTIMATE PLAN

SOURCE	AID FINANCING	COUNTERPART FUNDS	TOTAL
<u>Grants</u>	\$ 42.0 million	\$8.98 million	\$ 50.98 million
- Direct PVO			
- Cooperative Agreements			
- Consortia			
- IO's			
- Emergency Support	\$ 1.0 million	N/A	\$ 1.0 million
<u>Technical Assistance</u>			
- Evaluation/Audits	\$ 1.0 million	N/A	\$ 1.0 million
- Project Mgmt	\$ 6.0 million	N/A	\$ 6.0 million
Total	\$ 50.0 million	\$ 8.98 million	\$ 58.98 million

B. Obligations and Expenditures

A.I.D. will obligate all \$50 million by 1996. Obligations for FY 1993 funds will be on the order of \$17 million which will, in all likelihood, be obligated through a Limited Scope Grant Agreement signed with Prince Sihanouk, President of the Supreme National Council (see Annex K for Draft Agreement). Future year grants will be obligated either bilaterally or through direct grants. Illustrative future year obligations are shown in the table below.

ILLUSTRATIVE FUTURE YEAR OBLIGATIONS
(in millions of dollars)

Fiscal Year	Estimated Obligations	Total Obligations
93	\$17.0	\$17.0
94	\$11.0	\$28.0
95	\$11.0	\$39.0
96	\$11.0	\$50.0
	\$50.0	\$50.0

C. Matching Contributions

It is expected that all grant recipients will make 25% matching contributions in cash or in kind to the Co-Financing Project. Some margin of flexibility will be tolerated for sub-grant recipients where it is demonstrated that a level of 25% contribution is not feasible. The total matching contribution that grantees will make should be approximately \$9 million, depending on the level of sub-grant contributions.

D. Method of Financing

All grants will be financed through Federal Reserve Letters of Credit (FRLC). All non-grant activity will be let on a cost-reimbursable contract basis.

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 PP RUHFK
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15-APR-93 TOP: 23:21
 CHRG: AIP
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AIFAC
 I.O. 12356: N/A
 TAGS:
 SUBJECT: PVO CO-FINANCING PROJECT (442-0112)

1. THE NEW PROJECT DESCRIPTION (NPD) FOR THE SUBJECT PROJECT WAS REVISED ON MARCH 17, 1993 AND APPROVED. THE A.I.C. REPRESENTATIVE TO CAMBODIA (AICREP) HAS PROCEEDED WITH PROJECT DEVELOPMENT IN LINE WITH GUIDANCE PROVIDED IN PARA 4 AND 5. TOTAL LIFE OF PROJECT FUNDING WAS REVISED TO \$65 MILLION. PROJECT ASSISTANCE COMPLETION DATE REMAINS UNCHANGED.

2. PURSUANT TO DELEGATION OF AUTHORITY NO. 400, DATED AUGUST 6, 1991, AND INTERIM REORGANIZATION DOA NO. 9, PARA. A, DTE OCTOBER 1, 1991, A-AS/ASIA HEREBY DELEGATES TO AIDREP AD-PCC AUTHORITY FOR THIS PROJECT AUTHORIZATION FOLLOWING APPROPRIATE REVIEWS AND CLEARANCES FROM REGIONAL STAFF. THE NEED TO FORMALLY ESTABLISH THE PROCEDURES FOR THESE REVIEWS AND CLEARANCES REMAINS A CONCERN OF THE BUREAU. THE BUREAU ASKED THE AIDREP TO COMPLETE THE MISSION ORDERS ON THE IMPLEMENTATION OF THE DELEGATION OF AUTHORITY. WITH THESE IN PLACE, A-AS/ASIA PLANS TO DELEGATE STANDING PROJECT APPROVAL AUTHORITIES TO AIDREP.

3. A BUREAU REVIEW OF THE NPD FOR THE SUBJECT PROJECT WAS HELD ON MARCH 17. ASIA/EA, ASIA/TE (TR AND PD), ASIA/FP, CC/ASIA, ICL/PAR, AND THE AIDREP DISCUSSED ISSUES DEALING WITH THE AUTHORIZATION LEVEL, TECHNICAL ASSISTANCE, BUILDING LOCAL NGO CAPACITY, METHOD OF OBLIGATION, AND SCOPE OF GRANT ACTIVITIES.

4. DISCUSSION OF ISSUES AND GUIDANCE FOR PROJECT DESIGN FOLLOWS:

A) AUTHORIZATION LEVEL: GIVEN THE UNCERTAINTY OF FUTURE PROGRAM DIRECTION AND THE ROLE OF PVOs, THE BUREAU RECOMMENDS A REDUCED PROJECT AUTHORIZATION LEVEL OF \$65 MILLION. INCREASING THIS AUTHORIZED AMOUNT TO ALLOW FOR A HIGHER LEVEL OF FUNDING FOR PVO GRANTS WILL BE

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POSSIBLE AT A FUTURE DATE IF THE NEED ARISES. THE REQUIRED DOCUMENTATION WILL BE A SIMPLE AMENDMENT.

P) BUILDING LOCAL NGO CAPABILITIES: THE PROJECT NEEDS TO INCLUDE PLANS TO BUILD LOCAL NGO CAPABILITIES. THE BUREAU RECOGNIZES THE PRESENT WEAK ENVIRONMENT FOR NGO DEVELOPMENT AND ACCEPTS THAT RESULTS MAY ONLY BE ACHIEVED IN THE MEDIUM TO LONG TERM. THE BUREAU ENCOURAGES THE CONTINUING ACTIONS OF THE OFFICE OF THE AID REP (OAR) TO USE U.S. PVOs TO BUILD THE BASIS AND ESTABLISH THE PRECONDITIONS FOR INDIGENOUS NGO DEVELOPMENT. AN INCREASE IN THE AMOUNT OF TECHNICAL ASSISTANCE AND TRAINING TO HELP ACHIEVE THIS FND SHOULD BE THOROUGHLY EVALUATED IN THE CONTINUING DESIGN OF THE PROJECT.

C) SUSTAINABILITY: SUSTAINABILITY SHOULD BE A CRITERION FOR THE CO-FI GRANT AWARDS. PROMOTING SUSTAINABILITY IN THE GRANTS AWARDED IS IMPORTANT NOT ONLY IN ITS OWN RIGHT BUT ALSO FOR ITS POSITIVE IMPACT ON BUILDING LOCAL NGO CAPABILITIES.

I) GENDER ISSUES: PROPER ANALYSES OF GENDER ISSUES WILL BE CENTRAL TO THE SUCCESSFUL DESIGN AND IMPLEMENTATION OF THE CO-FI GRANTS. GENDER ANALYSES SHOULD BE REQUESTED IN THE GRANT PROPOSALS AND WEIGHED APPROPRIATELY IN THE AWARDS. GRANT ACTIVITY SHOULD RECOGNIZE THE ROLE OF WOMEN IN DECISION MAKING.

E) PVO MATCHING FUNDS: THE BUREAU SUPPORTS THE 25 PERCENT PVO CONTRIBUTION POLICY. HOWEVER, WE RECOGNIZE THE UNIQUE NATURE OF THE CAMBODIA PROGRAM. OAR IS ENCOURAGED TO SECURE CONTRIBUTIONS BUT MAY WAIVE THE REQUIREMENT ON A CASE BY CASE BASIS.

5. AT THE NPD, THERE WAS DISCUSSION OF BOTH A PVO UMBRELLA GRANT AND CONTRACTING FOR TECHNICAL ASSISTANCE TO

HELP STRENGTHEN PVO CAPACITIES. THE AIDREP IDENTIFIED SOME WEAKNESS IN THE PRESENT GRANT THAT COVERS THE SMALLER PVOs AND FELT THAT AN UMBRELLA GRANT TO INCLUDE LARGER NGOS WAS NOT FEASIBLE OR LIKELY TO BRING MANAGEMENT EFFICIENCIES. SUBSEQUENT TO THE COMMITTEE MEETING, THE USE OF A CONTRACTOR TO ASSIST THE OAR MANAGE ALL OR PART OF THE GRANT APPLICATION, REVIEW, AND AWARD PROCESS AS

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 WILL AS SUPPORT IMPLEMENTATION WAS DISCUSSED. WE BELIEVE THAT THIS "UMBRELLA" NGO SUPPORT CONTRACTOR CONCEPT COULD BE USEFUL. THE OAR SHOULD INCLUDE IN THE PD THIS OPTION FOR POSSIBLE IMPLEMENTATION IN FY1994 IF LEGISLATION ALLOWS.

6. THE REVIEW COMMITTEE COMMENTS THE OAR FOR A STRONG NPD AND THANKS LIFE TWENTHMAN FOR HIS PARTICIPATION IN THE REVIEW.

WHARTON
 BT

An Evaluation of the USAID Humanitarian Assistance
Program in Cambodia
EXECUTIVE SUMMARY

The Evolution and Scope of the Program

A.I.D. initially authorized \$2.0 million in 1990 for an "Assistance to Children and Civilian Victims of War" (ACWV) Project in Cambodia. Subsequent amendments to the project and several other additional grants increased the total level of funding to \$18.0 million.

The main objective of the USAID program is to support the country's rehabilitation and recovery efforts. U.S. legislation mandates that a significant portion of the funds be channeled through international relief agencies, U.S. private and voluntary organizations (PVOS), and UN agencies.

The present evaluation was conducted over a four-week period in early 1993, by a team of U.S. consultants employed by Development Alternatives Incorporated (DAI), of Bethesda, Maryland, and Development Associates Incorporated (DA), of Rosslyn, Virginia. The purpose of the evaluation was to assess how well the various organizations receiving funds under the U.S. aid program are addressing Cambodia's rehabilitation and human resource development needs.

A Summary of the Evaluation Team's Findings

The Team found the main objective of the program, which is to provide basic needs assistance to the poorer elements of the population, to be well-targeted. Grantee projects are broadly dispersed geographically, although several provinces remain uncovered. The process and criteria used to select grantees has produced an appropriate sectoral mix of activities.

With one or two exceptions, PVOs that have been awarded grants are well-qualified, and have the experience and expertise needed to manage humanitarian assistance projects efficiently and effectively. A number of PVO grantees did experience project start-up problems, owing to a number of factors, e.g. rudimentary conditions of the Cambodian environment (telecommunications, roads, difficulty in procurement, etc.), and the lack of an in-country USAID office.

Implementation of the program is proceeding well, although the USAID's current staffing level appears inadequate to the task of monitoring implementation.

The increased use of sub-grants under umbrella grant arrangements would greatly reduce the burden of managing the program. Khmer staff are not yet sufficiently trained to play a meaningful role in the planning and decision-making processes of project activities.

Some PVOs indicated that they are having difficulty interpreting AID's procurement regulations. The problem is viewed as one that can be readily overcome through closer collaboration between PVO field and headquarters staff.

There is little more than anecdotal evidence by which to gauge the extent to which the program is having desired impact. It is also difficult to measure the extent to which grantee objectives are being met. PVO absorptive capacity, in general, is not a major issue. Each of the twelve grantees visited by the Evaluation Team has made adequate provisions for technical backstopping.

Coordination between USAID and grantee PVOs has been good, particularly since the establishment of the USAID Representative's Office in Phnom Penh. Program overlap has not surfaced as a key issue. Effective PVO coordination mechanisms have yet to be established at the provincial level, except in the northwest provinces.

Most of the grantees interviewed expressed the need for an extended project implementation period of around three years. Some PVOs are uncertain as to whether they are required to provide a 25 percent cash or in-kind matching contribution for current ACWV projects, or whether the requirement had been waived.

The USAID currently does not systematically monitor grantee drawdowns on existing obligations, primarily because it does not have the documentation needed to do so. None of the PVOs visited appears to be keeping signed time sheets for AID monitoring purposes.

A few grantees are unclear about their responsibility to conduct internal audits at the mid-point of project activities; None of the grantees has as yet undertaken a formal in-house evaluation of its project activity.

Recommendations on the Design of a PVO Co-Financing Project for Cambodia

The Team recommended that the proposed PVO Co-Financing Project be limited to a 7-year term, with LOP funding totaling \$50-\$75 million and fund obligations concentrated in the first five years of project implementation.

The design should provide for some phasing of project activities, enabling the USAID to continue to contribute toward the country's urgent and continuing

need for relief and rehabilitation assistance over the next several years, while shifting to a more strategic use of humanitarian aid resources during the later years.

As soon as circumstances permit, the USAID should begin preparing strategies for sector-based programs. The Mission's NGO support staff will need to be increased to a level compatible with the proposed new program. This will require a staff of 4-5 persons, including 2-3 program assistants to monitor field operations.

LOGICAL FRAMEWORK

June, 1993

Project Name: Cambodia PVO Co-Financing (442-0112)
 PACD: 12/31/00
 LOP Funding: U.S. \$ 50 Million

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>Program Goal:</p> <p>To improve the socio-economic status of Cambodian in general with a strong emphasis on rural Cambodian communities.</p> <p>The Broader Objective to Which this Project Contributes:</p> <ol style="list-style-type: none"> 1. To give socially and economically disadvantaged Cambodians access to basic needs. 2. To increase productivity, raise incomes through income generating activities, and create employment opportunities among target beneficiaries. 3. To increase capacity of PVOs to plan, manage, and execute development activities and to facilitate coordination among themselves and government organizations as they emerge in Cambodia. 4. To promote and develop a core of indigenous NGOs capable of implementing activities in 	<p>Measures of Goal Achievements:</p> <ol style="list-style-type: none"> 1. Increase in the number of Cambodians with access to Basic Human Needs (BHN). 2. Increase the average income in beneficiary areas. 3. Increase in the efficiency and effectiveness of PVO programs. 4. Increase in the number of formal or informal level beneficiary or other local organizations. 5. Increase in the number of beneficiary participants. 	<p>Means of Verification:</p> <ol style="list-style-type: none"> 1. National and Regional Statistics 2. Household, Community, and Regional Surveys. 3. Mid-Term and Final Project/ Program Evaluations. 4. USAID program monitoring. 5. Level of participation in development activities. 6. Program/Project evaluations. 	<p>Assumptions for Achieving Goal Targets:</p> <ol style="list-style-type: none"> 1. Funds are available 2. That the election this May will result in a political situation that allows for development activities in Cambodia. 3. Security situation allows for broad program coverage. 4. New GOC/PVO relations permit collaboration in developmental activities. 5. Beneficiaries are motivated and able to participate.

Project Purpose:	Indicators:	Verification:	Assumptions for Achieving Purpose:
<p>To engage the expertise of PVOs, both foreign and indigenous, and international organizations in the design and implementation of activities to meet the humanitarian assistance needs of high risk, low-income groups in Cambodia.</p>	<ol style="list-style-type: none"> 1. Capacity in participating villages and sub-district health systems to provide for the preventive and curative health needs of the local population; 2. Indigenous capacities developed in participating villages to carry forward community development activities through local skills; 3. Within the implementing PVOs themselves, training Khmer staff to take over the majority of agency functions, particularly in administration, and in skills transfer programs; 4. Emergence of some local organizations sufficiently trained, on site or through regional exchanges, to carry their programs forward in partnership with expatriate PVOs, and 5. Government services strengthened through PVO capacity building programs, and collaboration, rather than parallel structures. 	<ol style="list-style-type: none"> 1. Quarterly Reports from PVOs and Other Grant Recipients. 2. Two Evaluations, scheduled in 1995 and late 1996 early 1997. 3. Site visits by USAID staff on a regular basis. 	<ol style="list-style-type: none"> 1. PVO and AID will make a gradual move in their Grant programming, to shift from relief and provision of basic services, to more integrated development. 2. A cadre of motivated and capable beneficiaries will be available to draw on for training and other activities.

LOP Outputs: (Illustrative & Estimated)	Magnitude of Outputs: (Estimated)	Verification:	Assumptions:
<p>I. GRANTS</p> <ul style="list-style-type: none"> - PVOs (directly) - Cooperative Agreements/ Umbrella Grant - International Organizations - Consortia <p>II. Technical Assistance activities</p> <p>III. Evaluations</p>	<p>1. 25 Grants, with possible funded extensions</p> <p>2. 10 Contracts</p>	<p>AID internal grant management systems.</p> <p>Quarterly reports.</p>	<p>1. Security and Khmer Rouge activities will limit national program coverage to some degree.</p>

Administrative Analysis

I. OVERVIEW

The Cambodia PVO Co-Financing Project anticipates involvement by three types of non-governmental organizations as well as by International Organizations. The three are mainstream US PVOs, small US organizations, such as Khmer-American groups with specific attributes to bring to Cambodia, and indigenous PVOs. The organizational mix is predicated on the anticipated needs of Cambodia over the next seven years and the management capacity of USAID. New grantees under the Co-Financing Project will largely be limited to those that can fill programmatic gaps that emerge as USAID refines its strategy.

Despite recommended increases in Mission staffing for the PVO grant effort, management efficiency remains a key factor. For this reason, it is hoped that the number of direct grants will diminish over time, and the umbrella mechanism--with a limited number of sub-grantees--will compensate. For direct grants, preference will be given to established mainstream PVOs with the internal management capacity to offer a high level of performance with a minimum of oversight. The umbrella grant will provide the capacity to foster indigenous organizations and smaller U.S. PVOs that require more labor-intensive support.

II. OVERALL PROJECT ADMINISTRATION

Two basic administrative issues are pertinent in management of the Project. They are USAID's internal capability to manage a large number of direct grants and the management capacity of PVO grantees. It seems likely that USAID/Cambodia will face fairly stringent limitations on staffing for the foreseeable future and will have to explore every avenue to minimize its management burden. The greatest returns to USAID are likely to derive from perceptive monitoring. Purely administrative tasks should be delegated to PVO grantees wherever possible.

Funding imperatives and the immediate needs of PVO beneficiaries necessitate a large number of direct grants early in the Project. The most significant short-term alternative for reducing USAID's management burden is placing as much of administrative responsibility as possible on grantees. With few exceptions, the current portfolio of PVO grantees have strong capacity. USAID should encourage the greatest possible degree of grantee operational and decision-making autonomy. Grant agreements should be written carefully to exclude approval requirements not specifically required by law.

Where new grantees are identified, USAID should apply the same standards that it has to date, ensuring that grantees have the capacity to function independently with minimal USAID involvement in administrative matters. In no case should a direct grant be awarded to an organization without previous USAID experience and a Letter of Credit on which it can draw down funds for the operation of its program in Cambodia. Direct disbursement of funds in the field is not within the present or future capacity of USAID.

III. ADMINISTRATIVE MECHANISMS AVAILABLE TO USAID/CAMBODIA

There are several areas where the proposed Co-Financing Project Design does not purport to meet anticipated needs that may arise for USAID during the life of the project. Among them are technical assistance USAID may wish to offer its grantees or avail of itself and specifically the recommended sector studies and follow-up planning assessment integral to refinement of Phase II of the project. Other needs that may arise are grantee training in AID procedures which is recommended in the Project Paper and the possibility that conditions may arise during the life of the project where USAID wishes to make supplementary grants or respond to windows of opportunity not foreseen in the Project design.

Undue use of the grantees, especially the umbrella grantees, as administrative mechanisms outside their contractual roles, would dilute their effectiveness. Other administrative mechanisms are available to enable USAID to meet its own unforeseen needs. Among them are:

- Use Indefinite Quantity Contract mechanisms where they are appropriate;
- Call on the range of regional services available through USAID/Bangkok, where appropriate;
- Take advantage of opportunities to buy into pertinent centrally-funded A.I.D. programs such as AIDS education;
- Consider local institutions like Cambodia Development Resource Institute for delivering in-country training. Encourage grantees to do likewise;
- Draw on PVO grantee technical or administrative expertise and encourage them to share the same with other grantees in Cambodia. For instance, CARE/US has a strong small enterprise component. World Vision in Cambodia has a particularly well-developed staff development plan;
- Provide training for grantees in areas of A.I.D. procedures such as procurement. This training frequently is available from specialists in AID/W who can be invited to Cambodia on TDY with the help of the Desk Officer in Washington.

Social Soundness Analysis

I. BACKGROUND

A. Overview

Any social analysis of Cambodia must begin with the simple, profound truth that no system nor structure of the traditional Khmer society exists unscathed today. The history of this nation over the last twenty years is one of auto-genocide, war, radical politics and ideologically-based reconstruction. There has been no peace and no benign environment in which to re-establish basic Khmer identity and institutions since the mid-1960s.

Peace accords, signed in Paris in 1991, provided that the nation would be governed by a Supreme National Council and administered by the United Nations until national elections in May 1993. The signing of the accord and the arrival of the United Nations Transitional Authority in Cambodia (UNTAC) opened the nation to trade and aid from the rest of the world.

UN agencies and PVOs from all over the world have undertaken relief and rehabilitation activities in Cambodia. Some 350,000 Khmer have returned from refugee camps in Thailand, and nearly 200,000 internally displaced persons are in the process of being resettled. Roughly 135,000 soldiers were supposed to be demobilized and reintegrated into society, but this process was aborted when the Khmer Rouge refused to disarm. The extraordinary number of sophisticated weapons in the hands of young men who know nothing but civil war is one of the major problems Cambodia has to face.

B. The Nation and its People

Cambodia has good development potential. The population, although growing rapidly now, is relatively small, and Cambodia has long been self-sufficient in food, despite low agricultural yields and a habit of planting only one crop per year. There are several important natural resources, including one of the largest stands of tropical forest in Asia and a wealth of precious gems. With proper irrigations systems, the land could be rich and the country possesses bountiful fishery resources in the extensive river systems.

The people are almost exclusively of the same ethnic stock and practice the same religion, although there are small groupings of various hill tribes along the Lao and Vietnamese border, and there are also some Muslim Chams in the Southeast. Cambodia has never been industrialized, but there is a long history of trade with its more urbanized neighbors, Thailand and Vietnam.

II. SOCIO-CULTURAL FEASIBILITY

A. Absence of Local Structures

The most significant single fact affecting feasibility of any development program in Cambodia is the utter lack, at all levels, of any functioning institutions: civic, governmental, religious, or family. Probably the second most significant factor is the lack of skilled and educated Cambodians. The third major factor is the extent to which Cambodia's infrastructure-- physical, financial, and economic--has been destroyed.

A traditional rural Buddhist society, Cambodia had a cohesive inner structure based on strong family ties, with extended families sharing the work of the farm, the fishing, and the child rearing. Every village had its temple and its monks, and it was expected that all males, at some time in their lives, would become monks for a while. The temple provided education (although mostly to boys), and usually made sure no one in the village was in want. Even in the cities, the society functioned in accord with Buddhist precepts of harmony and reverence as the civic and personal ideal. There was a system of public health and education, taxes were collected, and malnutrition and famine were not familiar to Cambodia.

Clearly, development programming for the next few years in Cambodia has to take into account the lack of any normal development framework. The country has no internationally recognized government at present, although the recent elections have permitted the constitution of a provisional government and legislative assembly; funds to pay its civil service are lacking. It does not have educated and experienced people to create a civil service. It does not have control of all its territory. It does not have a functioning system for health care delivery, education, or taxation. Such policies as guide it although still largely Marxist are quickly being replaced by unreined free market principles; there is not yet the capacity to reformulate the policies to support the already burgeoning (and absolutely uncontrolled) economic activities of a highly entrepreneurial people.

B. A Program for Capacity Building

Despite this desolate institutional landscape, assistance to Cambodia has to re-establish, rather than replace, traditional Khmer social infrastructure. Capacity building must be the preeminent goal and the dominant approach of every kind of program. Programs must, in the long-term, resist the expedience of delivering direct services, so as to foster the creation sustainable local institutions. Programs will have to have realistic time frames; all program elements, including USAID's monitoring plans and PVO staff, should have a training element and a human resource development plan.

C. Participation, Motivation, and Allocation

PVOs operating in Cambodia report high levels of motivation, especially for training. This motivation springs, in part, from the fact that the training offered tends to be short and practical, and leads to either better job prospects (health worker) or enhanced status (village helper). PVOs report people are also motivated by a simple need to try and reassert control over their lives by making things better. They recognize a chance to escape the passivity of the past two decades, and willingly participate in PVO activities.

A critical factor in re-establishing local structure systems is the ability of government to pay its staff and equip its schools, clinics, and hospitals. If government cannot begin to do this, that failure could bring down the program.

An unknown obstacle is the role the Khmer Rouge or other resistance forces may play in future development in Cambodia. To the extent that national reconciliation does not take place, the struggle for popular support will most likely be waged in villages. This would seriously impede development progress.

D. Spread Effects

An advantage of a capacity building program is that it is relatively simple to create and monitor spread effects. The capacity building approach of this program entails the training of trainers and the development of appropriate materials. Even in those projects with small scale community development components, such as rice banks or micro-credit, one program objective is to train Khmer to carry the activity into other villages, sub-districts, and districts. The capacity building spread of the program should be national, even though individual activities may be far smaller-scale.

The potential downside is that the cited lack of trust and inability to engage the future among Khmer may increase the negative effect of any program failure. It will be very risky to fail; the de-motivating effects will be powerful.

III. SOCIAL CONSEQUENCES AND BENEFIT SPREAD

This program begins to reintroduce productivity, and moves beyond a sole focus on rehabilitation and public health activities. Rural productivity must begin to match the explosive growth of businesses and jobs in Phnom Penh in order to prevent a massive urbanization. Fortunately, Cambodia remains a rural nation, and good programs building productive capacity at the village level should well be able to keep people home.

Since this is a program to ultimately re-establish institutional capacity, beneficiary groups must be assisted in the framework of their daily lives: the community and its social infrastructure, and the district and sub-district nexus of

government services.

In their project proposals, PVOs will be encouraged to make maximum use of beneficiary input, as is their normal approach. Participants need also to be involved in program evaluations, as key informants and focus groups.

The grant making process will take geographic spread into account. Those who do not benefit will largely be those outside the project area, which usually means those living at some remove from paved roads, or in insecure areas, or in remote and sparsely populated parts of the nation, such as the mountainous north-east. Nonetheless, special efforts will have to be made to ensure that these remote area dwellers are included in benefit flows.

Technical Analysis

The portfolio of PVOs currently funded by ACWV all are well-established institutions with recognized technical capacities in their respective fields.

The IFAs to date do not tax the technical capacities of current grantees. There is a preponderance of health-related activities in the portfolio of direct grantees. Approximately two-thirds of current PVO grants are for health-related purposes. This is not surprising given the immediate post-Peace Accords needs of the Cambodian population and the terms of USAID's IFAs.

As the USAID strategy evolves and program requirements lay greater emphasis on development, the technical capacities of current grantees may become less appropriate. There are, for instance, no current grantees with capacities in agriculture, the environment or enterprise development. Some grantees, like CARE's U.S. component, have a small enterprise expertise that is not currently being applied in Cambodia.

In some cases, existing grantees may be able to gain access in the future to technical expertise required as the Co-Financing Project evolves. In others, current grantees may have difficulty in adapting to different needs. Additionally, it was observed by the evaluation team that several ACWV grantees are not being provided adequate degrees of support by their headquarters offices. For this reason some are not bringing the full organization competence to their work in Cambodia.

Regardless of the technical expertise of their parent organizations, some ACWV grantees lack the capacity for conceptual analysis necessary to adapt and refine their current programs, much less restructure them for different priorities emerging over the life of the Project.

In judging the next round of proposals, USAID should give special attention to assessing the technical capacity of grantees. This is especially true of grants made to organizations not now a part of the ACWV portfolio. Proposals should be carefully reviewed for their level of technical analysis as an indicator of the degree which grantees will be able to refine and focus their programs as circumstances require.

Further, USAID should anticipate the likelihood that some new grantees will be a necessary part of the grant portfolio after 1995. This may necessitate ending the relationship with some current grantees which, regardless of the quality of their work, are not technically equipped to meet the requirements of latter phases of the Co-financing Project. There is also the possibility that USAID will not require the same levels of curative health-related programming as in the current portfolio. Grantees should be made aware of the anticipated tightening of focus and the possible consequences on their USAID funding support.

Women in Development Analysis

The wars and strife in Cambodia over the past twenty-two years have killed more men than women, but have left women with long-term social and economic disabilities which any assistance program must address.

The adult population is estimated to be more than 60% female, with wide variations in that figure from region to region. Those geographic areas most often contested have the fewest men; those few which escaped relatively unscathed have more. However, since the entire population was uprooted during the Pol Pot regime, and since more than 25% of the 1970 population was either killed or fled the country, no family and no region are immune from these skewed demographics. No woman was untouched by family loss and disintegration.

In addition, 25 - 35% of all households in Cambodia are now estimated by the United Nations to be headed by women. Prior to the war, this was extremely rare, as families tended to live in extended groups, with at least one senior male available in virtually every household.

Prior to the wars, Cambodia was reported to have a relatively good record on equality for women. Women made up about 30% of all university graduates in 1970, for example, and had equal status in law. Women traditionally controlled the finances of a family and decided when to borrow, how much, and on what terms. They have not achieved equality of power, however; there were no women ministers of government, nor were any national political or governmental leaders women prior to 1975; neither are there any now. As a recent UNICEF study of women in Cambodia points out, this is the sort of information program planners must have in preparing credit and other rural programs, lest women be ignored.

The post-war status of women is difficult. The average woman has five children; for those families lacking a male to help bring in an income or assist with the heavy work of farming (traditionally the male role), women are faced with an overwhelming likelihood of living in poverty. A recent study of women in Cambodia indicates that even a woman who can afford to hire farm labor (people and draft animals) is forced to plant only after everyone else and harvest later, as well. As a result, yields diminish noticeably.

Urban, employed women face significant problems, according to the same study. Under the socialist regime, government and state entities were predominantly staffed by women, who were given great leeway in taking time from work to care for their families. Salaries were extremely low, but women could bring their children to work or could take three or more hours at midday to shop and prepare food. Now, women face a double problem: jobs pay better and attract men so they are being laid off and replaced by men. Employers see women as less

productive, because of the amount of time they have taken to care for their families.

There are grounds to hope this will change: among the Khmer returning from years in the United States and Europe are a number of Khmer women, who are taking leadership roles in development activities of their country. A number of U.S. PVOs in Cambodia have women directors which may provide both role models and advocacy for keeping the interests of women in the forefront of development planning. However, this is not guaranteed and it is not automatic; programs need specifically to target women--especially in their productive, and not just reproductive--roles. The demographic balance between male and female has been re-established, of course, but only among those born in the last three to five years. It will be decades before women again have adult men to share their burden.

In particular, programs aimed at reestablishing the social infrastructure of the villages, and those geared at restoring rural productivity, must include women in large numbers and in leadership roles. Women farm, women fish, and women help keep villages running; they teach and they lead. Women must be helped in all these roles, and not just in their roles as mothers.

CONTACTS

GRANTEES

1. Private Agencies Collaborating Together (PACT)
Sarah Newhall-Chief of Party/Country Representative

PACT Sub-Grantees:

Khmer Buddhist Society
Cambodian Humanitarian Foundation
United Cambodian Community
University of Massachusetts
International Medical Corps

2. Cambodian-American National Development Organization (CANDO)
Thida Khus-Project Director
3. American Red Cross
Michele Blatti-Project Coordinator
4. World Relief
Joel Copple-Country Director
5. CARE
Tim Williams-Country Director
6. World Concern
Gregg Keen-Country Manager
7. World Vision
Jaisankar Sarma-Country Director
8. Holt International
Kathy Hopper-Country Director
9. World Education
Tami Ito-Program Director
10. American Refugee Committee
Brian Heidel-Project Director

11. International Rescue Committee
Joe Caraher-Acting Country Director/Medical Director
Martha Teas-Project Assistant
12. Vietnam Veterans of America Foundation (VVAF)
Ron Podlaski-Country Representative

OTHER ORGANIZATIONS

13. Cambodian Development Resource Institute
Eva Mysliwiec-Director
14. Cambodian Committee for Cooperation
Deborah Brodie-Executive Secretary
15. World Health Organization
Dr. Jean-Paul Menu-Special Health Envoy & Representative for Cambodia
16. International Labor Organization
M.K. Mugharbel-Regional Advisor on Vocational Rehabilitation for Asia
and the Pacific
17. United Nations Development Programme (UNDP)
Rajeev Pillay-Deputy Resident Representative

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LIST OF ACRONYMS

ACVW	Aid to Children and Victims of War
AID/W	Agency for International Development/Washington
CANDO	Cambodian-American National Development Organization
CARERE	Cambodian Reintegration and Resettlement
CCC	Cooperating Committee for Cambodia
CCOP	Cambodia Community Outreach Project
CNC	Cambodia Network Council
COCOM	Coordinating Committee for Health
Co-Fi	Co-Financing
EOP	End of Project
EPI	Expanded Program of Immunization
FSN	Foreign Service National
FY	Fiscal Year
HIV	Human Immunodeficiency Virus
ICORC	International Committee for the Reconstruction of Cambodia
IfA	Invitation for Application
JSI	John Snow, Inc.
LOP	Life-of-Project
NGO	Non-Governmental Organization
O/KA	Office of Khmer Affairs
PACT	Private Agencies Collaborating Together
PSC	Personal Services Contractor
PVO	Private Voluntary Organization
RfA	Request for Application
RCP	Request for Concept Papers
SNC	Sumprme National Council
SOC	State of Cambodia
SOW	Scope of Work
STD	Sexually Transmitted Disease
UN	United Nations
UNHCR	United Nations High Committee for Refugees
UNTAC	United Nations Transitional Authority in Cambodia
USAID	United States Agency for International Development
USDH	United States Direct Hire
VVAF	Vietnam Veterans of America Foundation
WHO	World Health Organization
WFP	World Food Project

5C(2) - ASSISTANCE CHECKLIST

CROSS REFERENCE: ARE COUNTRY CHECKLISTS UP TO DATE?

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

- | | |
|---|---|
| <p>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.</p> | <p>Assistance is primarily humanitarian (relief and rehabilitation) but will address areas (b), (c) and (d) directly.</p> |
| <p>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).</p> | <p>See 1. above</p> |
| <p>3. Congressional Notification</p> <p>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 or welfare)?</p> | <p>Yes</p> |
| <p>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?</p> | <p>N/A</p> |
| <p>c. Cash transfers and nonproject sector assistance (FY 1993 Appropriations Act Sec. 571(b) (3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the fund will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?</p> | <p>N/A</p> |
| <p>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</p> | <p>N/A</p> |

carry out the assistance; and (b) a reasonably firm estimate of the cost to the 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?

N/A

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 nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

N/A

8. Capital Assistance (FAA Sec. 611(e)): If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?

N/A

9. Multiple Country Objectives (FAA Sec. 601(a)): Information and conclusions on whether projects will encourage efforts of the countries 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 Project will contribute to the long-term capability of Cambodians to solve economic development-related problems, but does not directly affect these issues.

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).

Implementation of the project is principally through U.S. Private Voluntary Organizations.

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

N/A - this is not government to government assistance.

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 countries and, if so, what arrangements have been made for its release?

No

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

N/A

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

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

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

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

12. Trade Restrictions

(a) Surplus Commodities (F 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?

N/A

(b) Textiles (Lautenberg Amendment) (FY 1993 Appropriations Act Sec. 520(c)): Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility

No

studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets indirect 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?

No

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?

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.?

All grants made under the Project will conform to this condition.

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 international activities from sources other than the United States Government?

All grants will be made to "eligible" PVOs, as defined here, unless otherwise waived for the purposes of achieving the project purpose.

15. Project Agreement Documentation

(State Authorization Sec. 139 (as interpreted by conference report)): Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreement covered by this provision).

N/A

16. Metric System (Omnibus Trade and

Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): 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.

N/A

specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

17. Women in Development (FY 1993 Appropriations Act, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

Yes

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

Although the U.S. contributes to regional and multilateral organizations, direct contact with PVOs implementing relief and rehabilitation work is essential to meet U.S. foreign policy objectives.

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?

No

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

No

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

Yes

21. U.S.-Owned Foreign Currencies

a. Use of currencies (FAA Secs. 612(b), 636(h); FY 1993 Appropriations Act Sec. 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.

N/A

b. Release of currencies (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the countries 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?

Procurement is limited to PVOs as implementing organizations and PSCs for technical assistance.

b. U.S. procurement (FAA Sec. 602(a) as amended by section 597 of the Fy 1993

Appropriations Act): Will all procurement be from the U.S., the recipient countries, 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 countries discriminate 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?

d. Non-U.S. agricultural procurement (FAA Sec. 604 (e)): If non-U.S. procurement of agricultural commodity or product thereof if 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.)

/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?

Yes, by waiver effective until 9/30/93, at which time the situation will be re-assessed.

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

TA will be provided by US and third country PSCs.

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?

Yes, as in all HB13 grants

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)?

N/A

k. Metric conversion

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

Yes

l. Competitive Selection

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

Yes

23. Construction

a. Capital project (FAA Sec.

601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used?

N/A:

b. Construction contract (FAA

Sec. 611(c)): If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N/A

c. Large projects,

Congressional approval (FAA Sec. 620(k)): If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress?

N/A

24. U.S. Audit Rights (FAA Sec.

301(d)): If fund is established solely by U.S. contributions and administered by an international

organization, does Comptroller General have audit rights?	Yes
25. Communist Assistance (FAA Sec. 620(h): Do arrangements exist to insure that Untied States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?	Yes
26. Narcotics	
a. Cash reimbursements (FAA Sec. 483): Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated?	Yes
b. Assistance to narcotics traffickers (FAA Sec. 487): Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance?	Yes
27. Expropriation and Land Reform (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property. except to compensate foreign nationals in accordance with a land reform program certified by the President?	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 other law enforcement forces, except for narcotics programs?	Yes
29. CIA Activities (FAA Sec. 662): Will assistance preclude use of financing for CIA activities?	Yes
30. Motor Vehicles (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained?	Yes
31. Military Personnel (FY 1993 Appropriations Act Sec. 503): Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel?	Yes
32. Payment of U.N. Assessments (FY 1993 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues?	Yes

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

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

35. Repression of Population (FY 1993 Appropriations Act Sec. 511): Will assistance preclude use of financing for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? Yes

36. Publicity or 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 of 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: (1) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers?

N/A

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)?

Yes

4. Indigenous Needs and Resources (FAA Sec. 281(b)): Describe extent to which the activity recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

The project is a direct response to the years of civil strife and is directly responsive to indigenous needs.

5. Economic Development (FAA Sec. 101(a)): Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes

6. **Special Development Emphases** (FAA Secs. 102(b), 113, 281(a)): Describe extent to which activity will: (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

The project includes activities in health, community development, education, etc. and seeks to help rebuild the social fabric of Cambodian society.

7. **Recipient Country Contribution** (FAA Secs. 110, 124(d)): Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

N/A - Assistance is not to the Cambodian government.

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 purpose of the project is to target high-risk, low-income Cambodians.

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

No

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?

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?

Yes

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's

religious or conscientious commitment to offer only natural family planning?

No

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

No

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization?

No

10. Contract Awards (FAA Sec. 601(e)): Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes

11. Disadvantaged Enterprises (FY 1993 Appropriations Act Sec. 563): What portion of the funds will be available only for activities of economically and socially disadvantaged enterprise, 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 American, or Native Americans, or who are economically or socially disadvantaged (including women)?

All grants will be to U.S. and foreign PVOs, International Organizations and indigenous NGOs

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?

Distantly related to the objectives of biological diversity -- except for preservation of the human species.

13. Tropical Forests (FAA Sec. 118; Fy 1991 Appropriations Act. Sec. 533(c) as referenced in section 523(d) of the FY 1993 Appropriations Act):

Yes

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

b. Conservation: Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives to those who

N/A

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 of 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

No

sound manner which supports sustainable development?

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

N/A

e. Environmental impact statements: Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental

Yes

impact statement for activities significantly affecting the environment?

14. Energy (FY 1991 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 countries 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?

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 benefit of development on a sustained basis, using the appropriate U.E. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

Entire project is devoted to pursuing these objectives.

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.

There will be small income generation activities funded through the PVO grants which involve farmers, however the grant selection process has not taken place.

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

Curative and preventive health activities will directly address nutrition of rural and poor Cambodians

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

N/A

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.

Any family planning activities funded through the Project will be implemented by registered U.S. PVOS with expertise in population. Thus, it is strongly believed that adequate planning will take place.

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.

The education activities will all be directed to high-risk, low income Cambodians. No degree training is envisioned.

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:

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;

All NGOs implementing the project will use appropriate technology directed at the level of the rural poor.

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

substantially

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

indirectly

d. reconstruction after natural or

manmade disaster and programs of disaster preparedness; indirectly

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

f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development. N/A

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

1. Economic and Political Stability (FAA Sec. 531(a)): Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA? Yes

2. Military Purposes (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes? No

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 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).) No

5. Cash Transfer Requirements (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: N/A

a. Separate account: Are all such cash payments to be maintained by the country in a separate account and not to be commingled with any

other funds?

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

N/A

c. U.S. Government use of local currencies: Will all such local currencies also be 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?

N/A

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

N/A

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

INITIAL ENVIRONMENTAL EXAMINATION

A. PROJECT COUNTRY : CAMBODIA

B. PROJECT NAME : PVO CO-FINANCING PROJECT

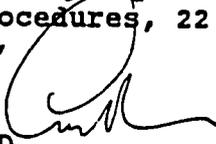
C. LOP FUNDING LEVEL : \$50,000,000

D. PERIOD OF FUNDING : FY93-FY96

E. STATEMENT PREPARED BY : *A. HUVOS*
ANNE HUVOS, USAID/CAMBODIA,
PVO PROJECT MANAGER

F. ENVIRONMENTAL ACTION DESIRED : CATEGCRICAL EXCLUSION per
Section 216.2(c)(i) of
the Agency Environmental
Procedures, 22 CFR 216

G. USAID CONCURRENCE

APPROVED 

DISAPPROVED _____

DATE 4/21/93

I. ASIA BUREAU ENVIRONMENTAL COORDINATOR CONCURRENCE

APPROVED M. LEX, ASIABRTR

DISAPPROVED _____

DATE April 21, 1993

Examination of Nature, Scope, and Magnitude of Environmental Impact

Project Description

The purpose of the Cambodia PVO-Co-Financing Project (442-0112) is to engage the expertise of U.S. and indigenous PVOs and International Organizations to meet identified needs of low income, high risk groups in Cambodia. The project seeks to achieve four basic objectives:

- a. Provide socially and economically disadvantaged Cambodians with access to basic needs;
- b. Increase productivity, raise, income through income generating activities and create employment opportunities among target beneficiaries;

c. Increase the capacity of PVOs to plan, manage and execute development activities, including but not limited to facilitating coordination among themselves and government organizations as they emerge in Cambodia;

d. Promote and develop a core of indigenous NGOs capable of implementing activities in Cambodia.

The project consists of a series of grants or cooperative agreements designed to implement projects in the following sectors:

(1) Public Health: Strengthen preventive and curative health care (including but not limited to: immunization, vitamin A delivery and education, safe birth initiatives, health education, diarrheal disease control, acute respiratory infections control, dengue fever control), strengthen district and khum level health care facilities with emphasis on, but not limited to: training and education, technical assistance, provision of pharmaceutical and other medical supplies, repair/maintenance of existing health facilities.

(2) Provision of Safe Drinking Water: Water systems supply repair and renovation, well drilling and maintenance, other appropriate technology and training interventions to increase the quantity and quality of water supply in rural areas. Water projects should include a related educational component.

(3) Prosthetics and Related Rehabilitation Services for the Disabled: Prosthetics casting, fitting, and manufacture with related training and physical therapy, wheelchair manufacture.

(4) Income Generation: Promoting small business development and/or vocational skills training in sectors relevant to local conditions and environment, possibly with small scale credit programs and/or teaching basic business management associated thereto.

(5) Family Planning/Child Spacing: Education on existing child spacing methods and materials. Emphasis on education and training of women leaders at the district and khum levels.

(6) AIDS Awareness: Support the national effort to control and prevent the spread of HIV/AIDS in Cambodia.

(7) Special Assistance to Refugees, Returnees and Internally Displaced Persons: Provide support to especially vulnerable individuals. Support may include, but is not limited to social serviced centers, counseling, food for work, and vocational training.

(8) Education: Promote basic literacy or environmental awareness/conservation. Non-formal or extra-curricular education programs in health, nutrition, family unit strengthening, and other areas may also be considered.

(9) Community Development: Support for activities which assist in restoring affected communities, community leadership structures, youth organizations, etc.

Throughout the project two themes will be stressed: development of indigenous NGO capabilities, and the role of women.

Indeed, the majority of the activities funded will emphasize training or education in some capacity. Even the small-scale business development/income generation activities are targeted to the most disadvantaged and feature development of very small, family enterprises such as: sewing, chicken raising, motorcycle repair, and "take-away" food preparation. The loans associated with these projects vary between \$30 and \$100. There is no anticipated environmental effect in relation to this activity.

Except for the water supply area, the activities being supported consist largely of technical assistance and training and qualify for a categorical exclusion under Section 216.2(c)(i) of the Agency Environmental Procedures, 22 CFR 216.

Given the size of the proposed grants or subgrants (approximately \$200,000 to \$500,000) even the water supply activities are of such a small scale, there would be no significant impact on the environment. However, to address localized and potentially aggregated effects, USAID/Cambodia will require that water projects be reviewed for their technical soundness according to existing environmental guidelines. For instance, no project that lacks a health education component will be selected. Likewise, no grant will be awarded to any organization that does not have a water engineer on the project staff.

Finally, no funding is anticipated for major construction, irrigation systems, use of pesticides, etc. In the event any new sectors are recommended for funding, the Mission will consult with the Asia Bureau Environmental Officer for a more formal review prior to awarding the grant.

Of the \$50,000,000 in the PVO Co-financing Project, approximately \$3,500,000 will be available for technical assistance. While this is principally to assist in the management and tracking of PVO activities, it is possible that intermittent services of an environmental specialist could be accessed if the need arose.

LIMITED SCOPE PROJECT GRANT AGREEMENT

between

The United States of America

acting through

The Agency for International Development ("A.I.D.")

and

The Supreme National Council for Cambodia ("Grantee")

- | | |
|---------------------------|----------------------------------|
| I. <u>Project Title</u> | II. <u>A.I.D. Project Number</u> |
| Cambodia PVO Co-Financing | 442-0112 |
- The above-named Parties hereby mutually agree to carry out the activities described in this Agreement in accordance with
- (1) the terms of this Agreement, including any annexes attached hereto; and
 - (2) any general agreement between the United States Government and the Supreme National Council for Cambodia regarding economic or technical cooperation.
- | | | |
|--|---------------------------------|--|
| III. <u>Amount of A.I.D. Contribution to the Project</u> | IV. <u>Grantee Contribution</u> | V. <u>Project Assistance Completion Date</u> |
| \$15,000,000 | See Annex A | December 31, 2000 |
- VI. This Agreement consists of this Title Page, the General Project Description (Annex A), and Standard Provisions (Annex B).
- | | |
|-----------------------------|---|
| VII. <u>For the Grantee</u> | VIII. <u>For the United States of America</u> |
|-----------------------------|---|

H.R.H. Prince Norodom Sihanouk
Head of State
President of the Supreme
National Council
Phnom Penh, Cambodia

Charles H. Twining
Special Representative
United States Mission
Phnom Penh, Cambodia

Effective Date:

A.I.D. Project Number: 442-0112

ANNEX A:

GENERAL PROJECT DESCRIPTION
FOR THE
CAMBODIA PVO CO-FINANCING PROJECT

I. Activity Description

The purpose of the Cambodia PVO Co-financing Project is to engage the expertise of Private and Voluntary Organizations (PVOs), both foreign and indigenous, and International Organizations (IOs) in the design and implementation of activities to meet the humanitarian, economic and development assistance needs of high risk, low-income groups in Cambodia.

The Project has the following objectives:

- give socially and economically disadvantaged Cambodians access to basic needs;
- increase productivity, raise family incomes through income-generating activities and create employment opportunities among target beneficiaries;
- increase the capacity of PVOs to plan, manage, and execute development activities and to facilitate coordination among themselves and government organizations as they emerge in Cambodia; and
- promote and develop a core of indigenous non-governmental organizations capable of managing and implementing development activities in Cambodia.

To accomplish these objectives, A.I.D. will award grants and cooperative agreements to qualified PVOs and IOs to implement activities throughout Cambodia. Eligible sectors for assistance included, but are not limited to, public health, community development, nutrition, family planning, vocational education, etc.

A.I.D. will be responsible for monitoring and evaluation of grant activities.

II. Cooperating Country Resources for the Project

The Grantee has no obligation to provide a monetary commitment to the Project nor will further Grantee involvement be required to assure that assistance is provided under this Grant, but as required and subject to the availability of resources, the Grantee will provide:

- (a) personnel to participate in the various activities to be financed under the Grant especially to facilitate coordination with emerging government organizations; and
- b) "in-kind" support services.

III. A.I.D. Direct Obligation of Funds

The Grantee agrees that the assistance will be provided to eligible Private and Voluntary Organizations (PVOs) and International Organizations (IOs) by A.I.D. in A.I.D. direct grants, cooperative agreements and contracts necessary thereto, utilizing standard A.I.D. regulations and procedures, as and when A.I.D. so requires.

IV. Financial Plan

The following inputs are estimated to be financed under the Project with A.I.D. resources, subject to the availability of funds:

Grants to US and indigenous PVOS	\$14.5 million
Evaluation/Audits	\$ 0.25 million
Project Management Technical Assistance	<u>\$ 0.25 million</u>
Total	\$15.0 million

LIMITED SCOPE PROJECT GRANT AGREEMENT

between

The United States of America

acting through

The Agency for International Development ("A.I.D.")

and

The Supreme National Council for Cambodia ("Grantee")

I. <u>Project Title</u>	II. <u>A.I.D. Project Number</u>
Cambodia PVO Co-Financing	442-0112

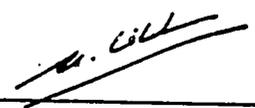
The above-named Parties hereby mutually agree to carry out the activities described in this Agreement in accordance with

- (1) the terms of this Agreement, including any annexes attached hereto; and
- (2) any general agreement between the United States Government and the Supreme National Council for Cambodia regarding economic or technical cooperation.

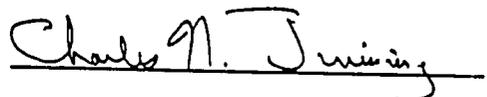
III. <u>Amount of A.I.D. Contribution to the Project</u>	IV. <u>Grantee Contribution</u>	V. <u>Project Assistance Completion Date</u>
\$15,000,000	See Annex A	December 31, 2000

VI. This Agreement consists of this Title Page, the General Project Description (Annex A), and Standard Provisions (Annex B).

VII. <u>For the Grantee</u>	VIII. <u>For the United States of America</u>
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x 

 H.R.H. Prince Norodom Sihanouk
 Head of State
 President of the Supreme
 National Council
 Phnom Penh, Cambodia



 Charles H. Twining
 Special Representative
 United States Mission
 Phnom Penh, Cambodia

Effective Date:

A.I.D. Project Number: 442-0112

ANNEX A:

**GENERAL PROJECT DESCRIPTION
FOR THE
CAMBODIA PVO CO-FINANCING PROJECT**

I. Activity Description

The purpose of the Cambodia PVO Co-financing Project is to engage the expertise of Private and Voluntary Organizations (PVOs), both foreign and indigenous, and International Organizations (IOs) in the design and implementation of activities to meet the humanitarian, economic and development assistance needs of high risk, low-income groups in Cambodia.

The Project has the following objectives:

- give socially and economically disadvantaged Cambodians access to basic needs;
- increase productivity, raise family incomes through income-generating activities and create employment opportunities among target beneficiaries;
- increase the capacity of PVOs to plan, manage, and execute development activities and to facilitate coordination among themselves and government organizations as they emerge in Cambodia; and
- promote and develop a core of indigenous non-governmental organizations capable of managing and implementing development activities in Cambodia.

To accomplish these objectives, A.I.D. will award grants and cooperative agreements to qualified PVOs and IOs to implement activities throughout Cambodia. Eligible sectors for assistance included, but are not limited to, public health, community development, nutrition, family planning, vocational education, etc.

A.I.D. will be responsible for monitoring and evaluation of grant activities.

II. Cooperating Country Resources for the Project

The Grantee has no obligation to provide a monetary commitment to the Project nor will further Grantee involvement be required to assure that assistance is provided under this Grant, but as required and subject to the availability of resources, the Grantee will provide:

- (a) personnel to participate in the various activities to be financed under the Grant especially to facilitate coordination with emerging government organizations; and
- b) "in-kind" support services.

III. A.I.D. Direct Obligation of Funds

The Grantee agrees that the assistance will be provided to eligible Private and Voluntary Organizations (PVOs) and International Organizations (IOs) by A.I.D. in A.I.D. direct grants, cooperative agreements and contracts necessary thereto, utilizing standard A.I.D. regulations and procedures, as and when A.I.D. so requires.

IV. Financial Plan

The following inputs are estimated to be financed under the Project with A.I.D. resources, subject to the availability of funds:

Grants to US and indigenous PVOs	\$14.5 million
Evaluation/Audits	\$ 0.25 million
Project Management Technical Assistance	<u>\$ 0.25 million</u>
Total	\$15.0 million

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**AGENCY FOR INTERNATIONAL DEVELOPMENT
ADVICE OF PROGRAM CHANGE**

COUNTRY: Cambodia

PROJECT TITLE: PVO Co-Financing Project ✓

PROJECT NUMBER: 442-0112

FY 1993 CP REFERENCE: None

APPROPRIATION CATEGORY: Development Assistance (DA)
Economic Support Funds (ESF)

LIFE-OF-PROJECT FUNDING: \$50,000,000 (G)

INTENDED FY 1993 OBLIGATION: \$15,000,000 (DA) 1805
\$ 2,000,000 (ESF) 1804

This is to advise that A.I.D. intends to obligate \$15,000,000 in Development Assistance and \$2,000,000 in Economic Support Funds in FY 1993 for the PVO Co-Financing Project in Cambodia. This is a new project that does not appear in the FY 1993 Congressional Presentation.

The purpose of this project is to engage the expertise of PVO's, both foreign and indigenous, and International Organizations in the design and implementation of activities to meet the identified needs of high risk, low-income groups in Cambodia. It is expected that some 30-40 grants and cooperative agreements will be awarded during the life-of-project. These grants will assist in the gradual transition from purely humanitarian relief efforts toward more developmental objectives.

The project will be implemented through international relief agencies, United States private and voluntary organizations and United Nations Agencies, as required by Section 559 of the FY 93 Foreign Operations, Export Related Programs Appropriations Act.

Attachment: Activity Data Sheet

PVO Co-financing Project (442-0112)
Limited Scope Grant Agreement

Drafted by: O/PDE: DRobertson
Clearance: RLA: ISmyer (draft)
PVO: AHuvos
PROG: DD'Antonio
O/FIN: RMcClure
AIDREP: LTwentyman

**AGENCY FOR INTERNATIONAL DEVELOPMENT
ACTIVITY DATA SHEET**

PROGRAM: Cambodia

TITLE PVO Co-Financing Project		FUNDING SOURCE DA, ESF	PROPOSED OBLIGATION (In thousands of dollars)		
			FY 93 \$17,000	LIFE OF PROJECT (Auth.) \$50,000	
NUMBER 442-0112 GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>	NEW <input checked="" type="checkbox"/> CONTINUING <input type="checkbox"/>	PRIOR REFERENCE None	INITIAL OBLIGATION FY 93	ESTIMATED FINAL OBLIGATION FY 96	ESTIMATED COMPLETION DATE OF PROJECT FY 97

Purpose: To engage the expertise of PVO's, both foreign and indigenous, and International Organizations in the design and implementation of activities to meet the identified needs of low-income groups in Cambodia.

Background: Cambodia is preparing for the transition to a multi-party democracy based on the Paris peace accord signed in October of 1991. As international donor organizations prepare for the upcoming elections, it is clear that continued humanitarian and relief activities will be required. After more than two decades of war, Cambodia's recovery will be slow under the best of circumstances. The development of a government capable of providing essential basic services, such as health care, will take years. Consequently, A.I.D. intends to continue to provide relief through private voluntary organizations (PVO's), and nongovernmental organizations (NGO's), and International Organizations (IO's) through a new project entitled the Cambodia PVO Co-Financing project.

Project Description: The PVO Co-Financing project will continue in the basic thrust of the ongoing individual PVO activities which benefit the poor and needy nationwide. Many of the individual sub-projects and "Umbrella" grants currently being supported will remain basically unchanged.

Proposals will be solicited for programs covering underserved and unserved areas of Cambodia in public health service delivery, sanitation, vocational training, family planning, AIDS awareness, and income generation.

PVO sub-projects will be generally medium-scale development activities, ranging from approximately \$500,000 to \$5,000,000. Simplicity of design and implementation will be stressed. Activities will involve the beneficiary community, and when possible, help build the capability of indigenous Cambodia NGO's.

Relationship of Project to Country Strategy: The objectives of A.I.D. assistance to Cambodia are to meet urgent humanitarian needs, to promote the peace process, and to support the development of democratic principles. This project contributes directly to the first and second objectives, and indirectly to the third.

Host Country and Other Donors: The state of Cambodia (SOC) and the Supreme National Council (SNC) are able to provide only very limited relief. Consequently, most basic services are being provided by the NGO community. Among the other donors engaged in humanitarian relief are the United Kingdom, France, the Netherlands, etc. The UNHCR broadly coordinates this assistance.

Beneficiaries: The most vulnerable Cambodians will be the beneficiaries of this project receiving the humanitarian services of NGO's and International Organizations operating in rural areas. Women will receive particular attention for vocational training, family planning, AIDS awareness and health care as they constitute more than 70% of the rural population.

A.I.D.-Financed Inputs

Life-of-project

Grants/Cooperative Agreements:	\$45,000,000
Technical Assistance:	\$ 3,500,000
Audits/Evaluation:	\$ 1,500,000
Total:	\$50,000,000

U.S. FINANCING (In thousands of dollars)				PRINCIPAL CONTRACTORS OR AGENCIES
	Obligations	Expenditures	Unliquidated	
Through September 30, 1991	0		0	Various PVO'S, NGO'S, and IO'S
Estimated Fiscal Year 1992	0			
Estimated Through September 30, 1992	0	0	0	
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1993	17,000	33,000	50,000	