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U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

June 10, 1993

TO: See Distribution  
FROM: LAC/DR/PSS, Susan Bugg *SB*  
SUBJECT: Argentina Semi-Annual Report (SAR)

Attached for your information and file is a copy of the Argentina SAR for the period Oct. 1, 1992 - March 31, 1993. In conjunction with the Agency's Portfolio Review System, MDCs were required to submit the AID Representative's Narrative, ABS Table IV and a Project Category and Outlier Matrix. (State 125805, attached, explains the requirements of the Portfolio Review System.)

Attachment: Argentina SAR

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## DIRECTOR'S NARRATIVE - ARGENTINA

### Overview

Argentina is undergoing radical change in both its economy and political life. The country is at a turning point in its history -- and in its relationship with the United State. The Peronist corporate state is being dismantled. Argentina's history of boom-and-bust business cycles shows promise of being permanently altered as a result of the Menem Government's current structural adjustment program. A country with a long history of authoritarian rule and sporadically serious human rights abuses is enjoying its tenth year of elected government, a span unequaled since 1933. The military's six-year "dirty war" against presumed enemies of the state, which cost at least 9,000 lives, and the disastrous Falklands War have given way to a more democratic environment, with Congress again operating, provincial governments more active, a revived justice system, and a free press. The Menem Administration has succeeded in stabilizing the economy and beginning the process of structural reform.

A very ambitious program to reduce the size of the federal government (over 120,000 employees have been released) and to privatize state firms was launched in 1991. Primarily urged by interest in the large Brazilian market, Argentina also signed the MERCOSUR treaty a year ago. The GOA completed negotiations with the IMF for a \$3.4 billion Extended Fund Facility, and with its commercial creditor for an approximate 35% reduction of debt under the Brady Plan. The prospects for future economic growth look better than they have in decades.

Despite the fact that the economic reform process is well underway, Argentina's aspiration to the status of a "first world" nation, which shares commonly accepted democratic values and governmental structures, as well as an open market economy, is far from assured. Although somewhat modified in practice, the country's authoritarian tradition of governance continues, with power still heavily concentrated in the Presidency and little sense of empowerment, or citizenship among most Argentines. Congress is now more of a power with which to reckon, but political interference in the justice system is still common. The potential for violence by powerful extremist elements still exists, and corruption is ingrained in Argentine society. Finally, if sustained economic growth is to be assured, corporate executives, entrepreneurs, those engaged in trade and commerce, and labor leaders need to adapt to the new economic framework provided by the Menem Administration and respond to a more competitive business environment.

In the context of the USG's overall efforts to collaborate with Argentina while it undergoes its current process of change, the AID program is increasing the prospects for success in achieving shared U.S./Argentine objectives. In this exciting environment of change, democratic initiatives and trade and investment objectives are being achieved.

AID's two related objectives in Argentina are: (1) more responsible and independent government institutions and a more engaged citizenry, and (2) increased U.S.-Argentina trade and investment.

Public pressures and changes in Supreme Court leadership have paved the way for renewed progress in the Administration of Justice Program (AOJ). In mid-May, Bill Davis and Larry Sipes, the President of the National Center of State Courts, visited Buenos Aires to participate in meetings on the following topics: (a) inauguration of CEJURA, a program for exchange of experience in AOJ reform among provincial Supreme Courts; (b) creation of a national commission on court delay reduction in which both private and public sector representatives will participate; (c) discussion with an important business association (IDEA) regarding its possible support for LRJ reforms; and (d) meetings with the recently elected President and Vice President of the National Supreme Court.

AID's program to help reduce opportunities for corruption and increase accountability will continue to focus on exposing various civic and professional organizations to the economic costs they incur because of corruption. This effort will continue to be carried out primarily through support to the Poder Ciudadano, but as relationships are developed with other civic organizations, AID will support their anti-corruption activities also. AID has also begun to promote civic participation by private Argentine citizens by supporting specific programs of Conciencia for pilot efforts to encourage civic involvement in municipal government, for parental and civic involvement in primary and secondary education (the responsibility for which has just been decentralized to the provinces), and for non-partisan training of female political candidates.

As a result of the economic reforms currently being implemented at an accelerated pace, significant opportunities exist for strengthening trade and investment between the United States and Argentina, a country which has tended traditionally to look more towards Europe in its commercial transactions.

The TIS Program for Argentina has begun operating out of AID's trade and investment office in Buenos Aires in cooperation with the three provincial business associations in Cordoba, Mendoza and Rosario. Six candidate joint venture projects have been sent

to IESC/USA and are currently under analysis.

AID/Argentina will continue to take advantage of opportunities offered by the Enterprise for the Americas Initiative and the MERCOSUR negotiating framework to encourage adoption of trade and investment policies conducive to eventual adhesion to NAFTA, and respond to opportunities to expose Argentines to U.S. regulatory policies and practices in order to contribute further to an improved environment for business development and to facilitate U.S. trade and investment with Argentina

#### Significant Problems and Delays

All activities are proceeding on schedule. However, AID/Argentina is now operating under funding duress in light of OMB's recent hold on world-wide allocation of ESF funds to the Agency, a situation our office was not aware of until early May. Our projects are funded with no pipeline and we rely on money received by March or April each year to continue planned activities. We are still awaiting funds promised by LAC.

Secondly, the environment in which our legal technical advisor to Auditoría General de la Nación Argentina (AGN) is working is not conducive to progress. [Please note category C rating on the exceptions matrix falling under the general theme of "the host country is not providing planned resources and the shortfall significantly impedes implementation"] Congress' organization of AGN in the final law does not give the President of AGN enough authority to act, and the actual president has shown no sign to date that he wants to strengthen the AGN. Our plan is to work with the UNDP (our grantee) to jointly push the AGN to use the advisor in another GOA financial management organization where his expertise will be put to good use. In contrast, a second related activity of the project, AID support to the Civil Service Secretariat to identify bureaucratic procedures which should be eliminated because they provide opportunities for corruption, is experiencing sound progress.

#### Pipeline Status

AID/Argentina is not experiencing pipeline difficulties. Please see ABS Table IV for the breakdown of pipeline by activity.

Semiannual Review and Reporting System

Regarding the cable instructions, as an MDC we had difficulty in discerning what were the specific submission requirements for our office. Later cables sent on the new SAR requirements helped clarify what forms we were in fact required to submit. Further the new "exclusion matrix" is geared to LDC's. Regarding column 12, IG audit and recommendations are generally not conducted on an activity basis, but for the portfolio as a whole.

ARGENTINA ANNUAL PORTFOLIO REPORT (as of 3/31/93)

Activity Title and Project Number	Implement. Agency	Oblig. Instr.	FY Initial Obligation FY Final Obligation Estimated Completion Date	Planned Life of Project	Cumulative Obligation to Date	Counterpart Contribution	Accrued Expenditures Cumulative	Pipeline
Regional Administration of Justice 598-0642.21 (ESF)	Fundación La Ley	GRANT	89 93 12/93	2,159,000	921,000	**	672,444	248,556
Public Administration Accountability Project 598-0616.21 (ITT)	UNDP	GRANT	91 93 12/93	664,000*	453,588	60,000	453,588	0
Private Initiative For Corruption Control 598-0616.21 (ITT)	Poder Ciudadano	GRANT	91 93 12/93	600,000	250,000	**	231,481	18,519
Civic Participation 598-0616.21 (ITT)	Conciencia	GRANT	92 93 07/94	450,000	150,000	**	65,134	84,866
Comisión Nacional de Valores/SEC 598-0616.21 (ITT)	CNV	GRANT	92 93 12/93	75,000	75,000	50,800	0	75,000
Trade and Investment Promotion	-	Direct Contracts	92 N/A	N/A	82,967	N/A	56,086	26,881

\* An increase of \$ 164,000 included which is to be decided in FY 93.

\*\* In kind, but not included in Grant Agreement

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Country: Argentina  
 Date as of: March 31, 1993  
 Date Completed: May, 1993

1 Project Name & Number	2 Date of Initial Oblig.	3 Proj. Design	4 Status of Cond. Prec.	5 Size of PipeL	6 Age of PipeL	7 Accr. Expen	8 Uncom'd Balance	9 EOPS (A)	10 EOPS (B)	11 AUDT (A)	12 AUDT (B)	13 EVAL (A)	14 EVAL (B)
Regional Admin. of Justice 598-0642.21(ESF)	1989	B	N/A								N/A	X*	N/A
Public Admin. Account. Proj. 598-0616.21 (ITT)	1991	C	N/A							N/A	N/A		N/A
Private Init. for Corr. Control 598-0616.21(ITT)	1991	A	N/A								N/A		N/A
Civic Participation 598.0616.21(ITT)	1992	A	N/A							N/A	N/A		N/A

\*Evaluation to be done this year.

1 Project Name & Number	2 Date of Initial Oblig.	3 Proj. Design	4 Status of Cond. Prec.	5 Size of PipeL	6 Age of PipeL	7 Accr. Expen	8 Uncom'd Balance	9 EOPS (A)	10 EOPS (B)	11 AUDT (A)	12 AUDT (B)	13 EVAL (A)	14 EVAL (B)
Comisión Nacional de Valores/SEC 598-0616.21(ITT)	1992	B	N/A							N/A	N/A		N/A
Trade & Investment Program	1993	B	N/A							N/A	N/A	N/A	N/A



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INFO INFO-01 /001 A7 07/1211Z
ORIGIN OFFICE FAAA-01
INFO AFEA-04 AFSA-03 AFSW-06 AFDP-06 ROPO-01 NIS-03 ASAA-01
AFFE-02 PRMS-01 AFMS-03 OL-01 LACE-01 LASA-02 LACA-03
AALA-01 IG-01 GC-01 FVPP-01 FVMS-01 ES-01 PRPC-02 FAAA-01
IGFA-03 PRFM-01 IGLC-01 SEOP-01 IRMO-01 NEME-03 IGPP-02
IGRM-02 FM-01 FFP-09 SERP-01 SEC-01 AMAD-01 ASPD-02
NEMA-03 ASSA-03 WEDP-03 OUT-01 ASEA-02 NEMS-02 LADP-04
NEAA-03 EUAA-02 EURM-01 EUDP-03 EUMS-02 IIPA-01 AFFW-02
WIDE-01 HERB-01 /110 AD 24/1515Z

ANNUAL REPORT MATRIX. AN IMPORTANT PART OF THE NEW SYSTEM IS TO ENSURE STANDARDIZED DEFINITIONS FOR ALL PORTFOLIO REPORTING FROM YEAR TO YEAR AND MISSION TO MISSION AND THAT ALL DATA REPORTED BE CONSISTENT WITH OFFICIAL MISSION RECORDS SYSTEMS, SUCH AS MACS.

THIS CABLE IS A CONTINUATION OF THE INFORMATION DEVELOPED, APPROVED AND REPORTED ON IN REFS A, B AND C, AND IT SHOULD BE USEFUL FOR MISSIONS TO KEEP THESE TOGETHER AS A PACKAGE FOR EASY REFERENCE UNTIL THE REVISED SYSTEM IS INCORPORATED INTO THE AGENCY HANDBOOKS. IT IS IMPORTANT TO NOTE AGAIN THAT EXISTING DELEGATIONS OF AUTHORITY TO FIELD MISSIONS ARE NOT REPEAT NOT AFFECTED BY THIS REQUIREMENT.

INFO LOG-00 AF-00 AGRE-00 ARA-00 ANHR-01 EAP-00 EUR-00
10-19 NEA-00 OIG-04 SA-00 /031R

THE FIRST ANNUAL REPORT REQUIRED UNDER THE REVISED PORTFOLIO REVIEW AND REPORTING SYSTEM IS DUE NO LATER THAN JUNE 15, 1993. (LAC MISSIONS: PLEASE NOTE THAT IN STATE 105305, LAC REQUESTED THAT YOU SUBMIT YOUR ANNUAL REPORTS BY MAY 15.) THE APPROPRIATE GEOGRAPHIC AND CENTRAL BUREAUS WILL BE RESPONSIBLE FOR REVIEWING THESE SUMMARY REPORTS AND SUBMITTING A CONSOLIDATED BUREAU REPORT TO THE ADMINISTRATOR.

DRAFTED BY: AID/DAA/FA:RBURKE:RB
APPROVED BY: AID/AA/FA:PAAMES
AID/DAA/FA:BLANGHAI AID/ES:GJOF
AID/ASIA/DR/PD:JDEMPSEY (DRAFT) AID/EUR/PDP:PO'FARRELL (DRAFT)
AID/LAC/DPP:JSTEPANEK (DRAFT) AID/NE/DP:VMOLLDREM (DRAFT)
AID/R&D/PO:JBIERKE (DRAFT) AID/PRE/DP:RVAN RAALTE (DRAFT)
AID/AFR/DP:MBONNER (DRAFT)
AID/FHA/PPE:LTANNER (DRAFT)
AID/NIS/PAC:WJOHNSON (DRAFT)
AID/FA/IRM/IPA:DDICIURCIO (DRAFT)
AID/POL:GHILL (DRAFT)
AID/A/AID:LROGERS (DRAFT)

PLEASE NOTE THAT WHEREVER THIS CABLE SAYS QUOTE FIELD-LEVEL UNQUOTE, ITS REQUIREMENTS APPLY EQUALLY TO GEOGRAPHIC AND CENTRAL OFFICES/BUREAUS WITH PROGRAM-FUNDED PORTFOLIOS. FINALLY, WE WOULD LIKE TO AGAIN EXPRESS OUR THANKS AND APPRECIATION FOR THE MANY EXCELLENT AND COGENT CONTRIBUTIONS MADE BY FIELD MISSIONS AND WASHINGTON-BASED PERSONNEL TO THE SUCCESSFUL INITIATION OF THIS MANAGEMENT IMPROVEMENT. END OF SUMMARY.

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FM SECSTATE WASHDC
TO AID WORLDWIDE

2. PARAS ONE THROUGH FOUR OF REF A PROVIDED DETAILED INFORMATION ON THE BACKGROUND AND REASONS FOR THE EXERCISE TO IMPROVE PORTFOLIO REVIEW AND REPORTING PRACTICES IN THE

UKCLAS STATE 125805

AGENCY. PARAS FIVE THROUGH TEN OF REF A DETAILED AID/W MANAGEMENT RESPONSIBILITIES FOR PORTFOLIO MATTERS, SPECIFYING THE RESPECTIVE RESPONSIBILITIES AT THE FOLLOWING LEVELS: GEOGRAPHIC BUREAU (PARAS 5 AND 6), THE ASSOCIATE ADMINISTRATOR FOR OPERATIONS (PARA 7), THE ASSOCIATE ADMINISTRATOR FOR FINANCE AND ADMINISTRATION (PARA 8), THE DIRECTOR FOR POLICY (PARA 9), AND THE OFFICES OF THE DEPUTY ADMINISTRATOR AND ADMINISTRATOR (PARA 10). THESE RESPONSIBILITIES WERE REAFFIRMED IN THE A/AID ACTION MEMORANDUM DECISIONS (SEE ALSO PARA 2, REF

AIDAC
E.O. 12356: N/A
TAGS:
SUBJECT: GUIDANCE FOR REVISED PORTFOLIO REVIEW SYSTEM

C) .

REF: A) STATE 92-355133, B) STATE 055707, C) STATE 066657

3. THE NEWLY REQUIRED ANNUAL REPORT HAS THREE COMPONENTS: A MISSION DIRECTOR'S NARRATIVE (SEE PARA 5, SECTION (1), BELOW), A PIPELINE TABLE (THE ABS TABLE FOUR), AND A PROJECT CATEGORY AND OUTLIER MATRIX (SEE PARA 5, SECTION (3) BELOW). THIS REPORT WILL FULFILL THE RESPONSIBILITIES FOR ANNUAL REPORTING ASSIGNED TO FIELD MISSIONS IN THE ACTING ADMINISTRATOR'S DECISION MEMO SIGNED FEBRUARY 3, 1993.

1. SUMMARY. THIS IS AN ACTION MESSAGE. IT TRANSMITS GUIDANCE FOR THE IMPLEMENTATION OF THE REVISED AGENCY-WIDE PORTFOLIO REVIEW SYSTEM APPROVED BY ACTING A/AID JIM MICHEL ON FEBRUARY 3, 1993. THE REVISED SYSTEM REQUIRES THREE LEVELS OF REPORTING: (1) THE FIELD-LEVEL SEMIANNUAL PORTFOLIO REVIEWS, (2) THE NEW ANNUAL REPORT OUTLINED IN PARA 3, BELOW, AND FURTHER DETAILED IN PARA 5, AND (3) A SUMMARY OF THE ANNUAL REPORTS FROM THE GEOGRAPHIC BUREAUS (AND APPROPRIATE AID/W BUREAUS/OFFICES.)

4. STANDARD DEFINITIONS FOR FIELD-LEVEL PORTFOLIO REVIEW AND REPORTING. IN THE INTEREST OF CLEAR COMMUNICATIONS, THE FOLLOWING STANDARD DEFINITIONS SHOULD BE USED IN BOTH FIELD-LEVEL REVIEWS AND IN THE ANNUAL REPORTS.

FOR THE FIELD-LEVEL PORTFOLIO REVIEWS, THE CONTENTS AND FORMATTING REMAIN AT THE DISCRETION OF THE GEOGRAPHIC BUREAUS WORKING WITH THE RESPECTIVE MISSIONS, PROVIDED ONLY THAT THEY (1) BE CONDUCTED SEMIANNUALLY AND (2) AT A MINIMUM THEY BE ADEQUATE IN SCOPE TO PRODUCE THE CORE INFORMATION AND DATA REQUIRED IN THE NEW ANNUAL REPORT. FOR THEIR FIELD-LEVEL REVIEWS, MISSIONS AND THE GEOGRAPHIC BUREAUS ARE FREE TO INCLUDE ANY OTHER DATA AND INFORMATION THEY FIND MUTUALLY USEFUL.

PARA 4, BELOW, PROVIDES A LIST OF STANDARD DEFINITIONS COMMONLY USED IN THE SEMIANNUAL REVIEWS AND ELSEWHERE. PARA 5 PROVIDES GUIDANCE AND STANDARD DEFINITIONS AND MEASUREMENT PARAMETERS FOR DATA ELEMENTS TO BE USED IN THE

(1) PROJECT CATEGORY: INDICATES WHETHER THE ACTIVITY IS DESIGNATED AS A, B OR C. THESE RATINGS MUST BE CONSISTENT WITH THE FIELD-LEVEL REPORTS AND IN THE MATRIX PORTION OF

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THE NEW ANNUAL REPORT TO THE GEOGRAPHIC BUREAUS AS WELL AS  
IN CENTRAL BUREAU/OFFICE PORTFOLIO REPORTS. THE  
DEFINITIONS OF THESE CATEGORIES ARE AS FOLLOWS:

CATEGORY A: THESE ARE PROJECTS THE MISSION WISHES TO CHARACTERIZE AND REPORT ON AS REAL SUCCESS STORIES. NOT ONLY IS IMPLEMENTATION PROCEEDING WELL UNDER SUCH PROJECTS WITH ONLY MINOR PROBLEMS, BUT THEY ARE HAVING A SIGNIFICANT IMPACT ON THE PROBLEMS THEY WERE DESIGNED TO SOLVE AS INDICATED BY SUCCESSFUL PROGRESS TOWARD THE MOST IMPORTANT END-OF-PROJECT STATUS (EOPS) INDICATORS.

CATEGORY B: THESE PROJECTS ARE PROCEEDING MORE OR LESS AS PLANNED THOUGH THEY ARE EXPERIENCING TYPICAL IMPLEMENTATION PROBLEMS AND MINOR DELAYS WHICH CAN BE RESOLVED THROUGH NORMAL PROJECT MANAGEMENT. SHORT PACD EXTENSIONS OF A YEAR OR LESS MAY BE NECESSARY. THE PROJECT IS STILL EXPECTED TO HAVE A POSITIVE IMPACT ON THE PROBLEM IT ADDRESSES BUT IMPACT IS STILL UNCERTAIN OR IS NOT SO SIGNIFICANT TO DATE THAT THE PROJECT CAN BE SINGLED OUT AS A SUCCESS STORY.

CATEGORY C: THESE ARE PROJECTS WITH SIGNIFICANT PROBLEMS WHICH REQUIRE EXTRA ATTENTION FROM SENIOR MISSION MANAGEMENT OR, ON AN EXCEPTIONAL BASIS, FROM SENIOR WASHINGTON BUREAU MANAGEMENT. CATEGORY C PROJECTS MAY HAVE ONE OR MORE OF THE FOLLOWING TYPES OF PROBLEMS: THE PROJECT IS SIGNIFICANTLY BEHIND SCHEDULE; A PACD EXTENSION

OF MORE THAN ONE YEAR IS LIKELY; THE HOST COUNTRY OR NGO NO LONGER APPEARS TO SUPPORT THE PROJECT; THE HOST COUNTRY/NGO IS NOT PROVIDING PLANNED RESOURCES AND THE

SHORTFALL SIGNIFICANTLY IMPEDES IMPLEMENTATION; EXPENDITURE OF AID'S ASSISTANCE IS MOVING VERY SLOWLY, I.E., THE PIPELINE EXCEEDS THAT PLANNED BY A LARGE MARGIN; IT IS POSSIBLE THAT PROJECT IMPACT WILL BE MUCH LESS THAN PLANNED; ACHIEVEMENT OF MACROECONOMIC OR OTHER POLICY-BASED CHANGE IS SERIOUSLY LAGGING OR IS IN DOUBT; THE IMPLEMENTATION AGENCY SEEMS INEFFECTIVE, UNABLE OR UNWILLING TO IMPLEMENT THE PROJECT; OR THE PROJECT HAS MAJOR AUDIT PROBLEMS.

(2) PERCENTAGE OF LOP ELAPSED: THE NUMBER OF MONTHS SINCE INITIAL OBLIGATION DIVIDED BY THE NUMBER OF MONTHS IN THE AUTHORIZED LOP, INCLUDING MONTHS ADDED BY APPROVED PACD EXTENSIONS.

(3) PERCENTAGE OBLIGATED THAT IS EXPENDED: THE CUMULATIVE ACCRUED EXPENDITURES FOR A GIVEN PERIOD DIVIDED BY THE TOTAL AMOUNT OBLIGATED THROUGH THE SAME PERIOD.

(4) ACCRUED EXPENDITURES: COSTS FULLY DISBURSED AND DOCUMENTED FOR A GIVEN PERIOD PLUS COSTS INCURRED TO DATE FOR GOODS RECEIVED AND SERVICES RENDERED OVER THE SAME PERIOD. FOR SUCH GOODS RECEIVED AND SERVICES RENDERED, EXPENDITURES ACCRUE REGARDLESS OF WHEN CASH PAYMENTS ARE MADE OR WHETHER INVOICES HAVE BEEN RECEIVED. THE ACCRUED EXPENDITURES FOR A GIVEN PERIOD MUST BE THE SAME AS THOSE REPORTED IN THE MISSION'S MACS SYSTEM.

(5) CURRENT FY OBLIGATIONS TO DATE: THE AMOUNT OF FUNDS OBLIGATED TO DATE DURING THE CURRENT FISCAL YEAR.

(6) CUMULATIVE AMOUNT OBLIGATED: THE TOTAL AMOUNT OBLIGATED FOR THE PROJECT FROM THE DATE OF INITIAL OBLIGATION TO THE DATE ON WHICH THE REPORT IS BASED.

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(7) MORTGAGE: THE DIFFERENCE BETWEEN PLANNED LOP FUNDING AND CUMULATIVE OBLIGATIONS, AS OF THE REPORTING DATE.

(8) PIPELINE: THE TOTAL OF THE PROJECT'S LOP OBLIGATED TO DATE BUT AS-YET UNEXPENDED THROUGH THE SAME DATE.

(9) ACCRUED EXPENDITURES AS A PERCENTAGE OF PLANNED CURRENT FY EXPENDITURES: THIS IS A RATIO EXPRESSED IN PERCENTAGE TERMS OF PLANNED VERSUS ACTUAL EXPENDITURES FOR THE CURRENT FISCAL YEAR AS PROJECTED IN THE CONGRESSIONAL PRESENTATION TABLE TWO FOR THE SAME YEAR. FOR THE FIRST ANNUAL REPORT THIS WILL BE ACCRUED EXPENDITURES FROM OCTOBER 1, 1992, THROUGH MARCH 31, 1993.

(10) CUMULATIVE ACCRUED EXPENDITURES: ALL ACTUAL

DISBURSEMENTS PLUS ACCRUED AMOUNTS FROM THE BEGINNING OF THE PROJECT THROUGH THE REPORTING DATE.

(11) UNCOMMITTED BALANCE: THE TOTAL AMOUNT IN DOLLAR TERMS THAT HAS BEEN OBLIGATED BY PROJECT AGREEMENT BUT NOT YET SUBOBLIGATED (COMMITTED) BY A CONTRACT, GRANT, PURCHASE

ORDER, ETC. THIS ONLY APPLIES TO ACTIVITIES FOR WHICH THE PRIMARY OBLIGATION IS A PROJECT AGREEMENT. IT DOES NOT APPLY TO AID/W OR OTHER PROGRAMS WHICH OBLIGATE BY CONTRACT OR GRANT.

5. FOR PREPARATION OF THE NEW ANNUAL REPORTING REQUIREMENT, THE FOLLOWING GUIDANCE APPLIES. AS NOTED EARLIER IN THIS CABLE AND IN PARA 2 OF REF C, THERE ARE THREE COMPONENTS TO THE NEW ANNUAL PORTFOLIO REPORT, I.E., (1) A MISSION DIRECTOR'S NARRATIVE, (2) THE ABS TABLE FOUR, WHICH IS A PROJECT AND PROGRAM SUMMARY TABLE, AND (3) A MATRIX LISTING ALL MISSION ASSISTANCE ACTIVITIES, INCLUDING ALL DOLLAR ASSISTANCE ACTIVITIES, ALL PL-488, ALL LOCAL CURRENCY (LC) PROGRAMS MANAGED BY THE MISSION, AND ALL GUARANTEE PROGRAMS. THE MATRIX MUST INCLUDE A PROJECT DESIGNATION OF A, B OR C FOR EACH ACTIVITY AND INFORMATION AS TO WHETHER KEY APPLICABLE PERFORMANCE INDICATORS ARE OUTSIDE OF SPECIFIC NORMS. IN THE CASE OF PL-488, LC AND GUARANTEE PROGRAMS, THE MISSION DIRECTOR'S NARRATIVE RATHER THAN THE MATRIX SHOULD BE USED TO BRIEFLY DESCRIBE THEIR STATUS USING INFORMATION MORE PERTINENT TO THESE KINDS OF PROGRAMS. HOWEVER, ALL ACTIVITIES, THESE INCLUDED, MUST BE LISTED ON THE MATRIX AND GRADED.

(1) THE MISSION DIRECTOR NARRATIVE. MISSIONS IN COOPERATION WITH THEIR RESPECTIVE GEOGRAPHIC BUREAUS ARE FREE TO STRUCTURE THE FORMAT AND CONTENTS OF THIS NARRATIVE PROVIDED ONLY THAT IT INCLUDES AT A MINIMUM DISCUSSION OF THE FOLLOWING ELEMENTS. THE TOTAL NARRATIVE LENGTH SHOULD NOT EXCEED THREE PAGES.

(A) A BRIEF OVERVIEW STATEMENT ASSESSING THE STATUS OF THE ENTIRE PORTFOLIO.

(B) A SECTION ON ACTIVITY HIGHLIGHTS CENTERED ON POSITIVE RESULTS.

(C) A SECTION ON SIGNIFICANT PROBLEMS AND DELAYS IN SPECIFIC PROJECTS OR ACTIVITIES.

(D) A DISCUSSION OF THE PIPELINE STATUS AND PROSPECTS.

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(E) FOR THE FIRST ANNUAL REPORT ONLY, A BRIEF DESCRIPTION OF THE MISSION'S SEMIANNUAL REVIEW AND REPORTING SYSTEM

ALONG WITH ANY RECOMMENDATIONS YOU WISH TO MAKE ON IMPROVING THIS REPORTING AND OVERSIGHT SYSTEM.

(2) THE ABS TABLE FOUR, CONTAINING PIPELINE AND MORTGAGE DATA. PLEASE INCLUDE A SEPARATE COPY OF THE ABS TABLE FOUR WITH THE ANNUAL PORTFOLIO REPORT.

(3) THE MATRIX. THE MATRIX FORMAT AND CONTENTS WILL BE INCLUDED IN A DISKETTE TO BE SENT TO THE MISSIONS SEPARATELY ON OR ABOUT MAY 1. INITIALLY, HOWEVER, YOU MAY

FIND IT USEFUL TO PRINT YOUR OWN MATRIX USING THE INFORMATION PROVIDED HEREIN. THIS MATRIX FORMAT SHOWS IN THE LEFT HAND VERTICAL COLUMN ALL, REPEAT ALL, MISSION-MANAGED ACTIVITIES AND THE ACTIVITY IDENTIFICATION NUMBER. THE HORIZONTAL LINE WILL INCLUDE A NUMBER OF BOXES, EACH REFERRING TO A SPECIFIC FINANCIAL OR PERFORMANCE INDICATOR. THE HEADINGS IN ORDER FROM LEFT TO RIGHT ARE: COLUMN 1 - PROJECT NAME AND NUMBER; COLUMN 2 - DATE OF INITIAL OBLIGATION; COLUMN 3 - PROJECT DESIGNATION; COLUMN 4 - STATUS OF CP'S; COLUMN 5 - SIZE OF PIPELINE; COLUMN 6 - AGE OF PIPELINE; COLUMN 7 - ACCRUED EXPENDITURES; COLUMN 8 - UNCOMMITTED BALANCE; COLUMN 9 - EOPS-A; COLUMN 10 - EOPS-B; COLUMN 11 - AUDIT-A; COLUMN 12 - AUDIT-B; COLUMN 13 - EVALUATION-A, COLUMN 14 - EVALUATION-B.

THESE BOXES ARE TO BE CHECKED (ACTUAL DATA NOT REQUIRED) ONLY IF THE MEASUREMENT PARAMETER FOR THAT INDICATOR EXCEEDS OR FALLS SHORT OF THE INDICATOR'S DEFINITION AND MEASUREMENT PARAMETER. IF THE SAME CONDITION EXISTED AT THE END OF THE PREVIOUS REPORTING PERIOD (FOR THIS FIRST REPORT THAT WOULD BE THE FISCAL YEAR ENDING SEPTEMBER 30, 1992), THE MATRIX BOX SHOULD CONTAIN TWO CHECKS. THE SOURCE OF ALL FINANCIAL OR PERFORMANCE INDICATORS SHOULD BE THE FIELD-LEVEL SEMIANNUAL REVIEW.

THE MATRIX CONTAINS PROGRAM AREAS INDICATIVE OF VARIOUS ASPECTS OF PORTFOLIO MANAGEMENT. INDICATORS OF THIS TYPE CAN OVER-EMPHASIZE POTENTIALLY NEGATIVE OUTCOMES. SPECIAL EFFORT WILL BE NEEDED TO ACHIEVE BALANCED REPORTING. WE EXPECT THE FIRST CYCLE OF THIS REPORTING TO BE A LEARNING

PROCESS AND PLAN TO EVALUATE THE MANAGEMENT UTILITY OF THESE INDICATORS, ALTERNATIVES TO THEM OR OTHERS AS WE GAIN EXPERIENCE. YOUR OWN COMMENTS ON THE UTILITY OF THESE INDICATORS OR SUGGESTIONS OF OTHERS WOULD BE APPRECIATED.

AS NOTED IN THE FIRST PARAGRAPH OF PARA 5, ABOVE, TO THE EXTENT ACTIVITY DATA (PRINCIPALLY FINANCIAL) IS NOT RELEVANT OR ATTAINABLE FOR ACTIVITIES SUCH AS LOAN GUARANTEES, PL-480, LC, ETC., THE PARTICULAR HORIZONTAL

BOXES SHOULD BE MARKED NA FOR NOT APPLICABLE. HOWEVER, ALL ACTIVITIES SHOULD BE GIVEN A PROJECT CATEGORY DESIGNATION CONSISTENT WITH THE A,B,C DEFINITIONS GIVEN IN PARA 4, SECTION (1), ABOVE. START-UP DATES AND THE STATUS OF EOPS, AUDIT AND EVALUATION OUTLIERS SHOULD, TO THE FULLEST EXTENT POSSIBLE, BE USED FOR ALL ACTIVITIES.

THE STANDARD DEFINITIONS FOR SPECIFIC MATRIX INDICATORS AND THE APPLICABLE MEASUREMENT PARAMETERS FOR THEM ARE AS

FOLLOWS. DATA FOR ALL INDICATORS EXCEPT FOR PIPELINE SIZE SHOULD BE AS OF MARCH 31, 1993, FOR THE FIRST ANNUAL REPORT. PIPELINE SIZE SHOULD BE AS OF THE END OF FY 1992. IF THE INDICATORS ARE WITHIN THE DEFINED PARAMETERS, LEAVE THE BOX BLANK.

COLUMN 3 - PROJECT DESIGNATION: A, B OR C AS DEFINED IN PARA 4, SECTION (1), ABOVE. TO REPEAT, EVERY ACTIVITY LISTED IN THE LEFT-HAND VERTICAL COLUMN MUST HAVE A

PROJECT DESIGNATION, I.E. A, B OR C.

COLUMN 4 - STATUS OF CONDITIONS PRECEDENT (CP): CITE ONLY IF THERE ARE AS-YET UNMET CP'S OLDER THAN 18 MONTHS.

COLUMN 5 - SIZE OF PIPELINE: CITE IF PIPELINE EXCEEDS TWO YEARS ESTIMATED EXPENDITURES USING AN AVERAGE OF THE LAST THREE YEARS OBLIGATIONS AS THE BASE, I.E., UNEXPENDED OBLIGATIONS AS OF SEPTEMBER 30, 1992 DIVIDED BY THE AVERAGE OF OBLIGATIONS IN FY 91, 92, AND CURRENT PLANNED FOR 93. FOR NEWER PROJECTS, THE BASE WOULD BE THE AVERAGE ANNUAL OBLIGATIONS SINCE INCEPTION.

COLUMN 6 - AGE OF PIPELINE: CITE IF ANY OBLIGATION REMAINS MORE THAN 50 PERCENT UNEXPENDED FOUR YEARS AFTER THE OBLIGATION WAS MADE.

COLUMN 7 - ACCRUED EXPENDITURES: CITE IF ACCRUED EXPENDITURES ARE LESS THAN 60 PERCENT OF PLANNED CURRENT FY AMOUNTS SHOWN IN THE MACS REPORT (OR SIMILAR ACCOUNTING SYSTEM).

COLUMN 8 - UNCOMMITTED BALANCE: CITE IF BALANCE EXCEEDS 50 PERCENT OF OBLIGATIONS 18 MONTHS AFTER MOST RECENT OBLIGATION.

COLUMN 9 - EOPS ONE: CITE IF MISSION BELIEVES THERE IS

LITTLE TO NO CHANCE OF ACHIEVING THE MOST IMPORTANT EOPS BEFORE CURRENT PAGO.

COLUMN 10 - EOPS TWO: CITE IF EOPS ARE BEING ACHIEVED AT HIGHER LEVEL OR FASTER RATE THAN PLANNED.

COLUMN 11 - AUDIT ONE: CITE IF A FINANCIAL AUDIT HAS NOT BEEN DONE IN THE LAST 18 MONTHS.

COLUMN 12 - AUDIT TWO: CITE IF THERE ARE UNRESOLVED INSPECTOR GENERAL (IG) RECOMMENDATIONS OLDER THAN SIX MONTHS.

COLUMN 13 - EVALUATION ONE: CITE IF THE ACTIVITY HAS NOT BEEN EVALUATED IN THE LAST THREE YEARS.

COLUMN 14 - EVALUATION TWO: CITE IF ACTIVITY HAS PROJECT EVALUATION SYSTEM (PES) RECOMMENDATIONS STILL OPEN SIX OR MORE MONTHS AFTER PES TARGET DATE FOR CLOSURE.

6. THE DUE DATE FOR RETURNING THE DISKETTE WITH THE ANNUAL REPORT IS NO LATER THAN JUNE 15, 1993 (EXCEPT FOR

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AGENCY FOR INT'L DEV.  
TELECOMMUNICATIONS CENTER

OUTGOING  
TELEGRAM

PAGE 04 OF 04 STATE 125605 241503Z 2802 026394 A107410  
LAC AS NOTED IN THE FIFTH PARAGRAPH OF THE SUMMARY  
SECTION, ABOVE).

7. IN CLOSING, THE REVISED PORTFOLIO REVIEW AND REPORTING

PROCESS, PARTICULARLY THE ANNUAL REPORT, WILL BE SUSTAINABLE ONLY TO THE DEGREE THAT IT SERVES THE NEEDS OF FIELD MISSIONS AND WASHINGTON USERS. THOUGH THE CHANGES AND NEW REQUIREMENTS ARE RELATIVELY MODEST IN STAFF DEMAND TERMS, THEY ARE IMPORTANT MANAGEMENT AND OVERSIGHT IMPROVEMENTS AND ARE RESPONSIVE TO THE INTERNAL AND EXTERNAL DEMANDS FOR SUCH IMPROVEMENTS. THE VIEWS OF FIELD UNITS ARE IMPORTANT CONTRIBUTIONS TO THESE OVERALL GOALS AND AS THE PROCESS CONTINUES TO UNFOLD, COMMENTS AND SUGGESTIONS ARE WELCOME. EARLIER CONTRIBUTIONS WERE VITAL IN ADVANCING THE PROCESS THUS FAR. COMMENTS SHOULD BE ADDRESSED TO RICHARD BURKE BY E-MAIL, CABLE, MEMO, FAX OR PHONE. MR. BURKE CAN BE REACHED AT 202-647-4832 (FAX), 202-736-4297 (PHONE) OR AT AA/FA, ROOM 3665 NS. YOU MAY ALSO INCLUDE COMMENTS YOU THINK APPROPRIATE IN THE MISSION DIRECTOR'S NARRATIVE OR BY SEPARATE MEMO SUBMITTED WITH THE FIRST REPORT. PLEASE PROVIDE YOUR GEOGRAPHIC BUREAU WITH COPIES OF SUCH COMMENTS. FINALLY, THANK YOU AGAIN FOR YOUR EARLIER CONTRIBUTIONS TO THE DESIGN OF THE NEW PORTFOLIO REVIEW AND REPORTING SYSTEM.  
CHRISTOPHER



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