

PROJECT DATA SHEET

A

A = Add
C = Change
D = Delete

Amendment Number

CODE
3

2. COUNTRY/ENTITY Southern Africa Regional

3. PROJECT NUMBER
690-0238

Official File Copy

4. BUREAU/OFFICE
AFR [06]

5. PROJECT TITLE (maximum 40 characters)
Transport Sector Technical Assistance
PDBBD-393

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)
MM DD YY
1 | 2 | 3 | 1 | 8 | 9 |

7. ESTIMATED DATE OF OBLIGATION
(Under "B" below, enter 1, 2, 3, or 4)
A. Initial FY 8 | 6 | B. Quarter 4 C. Final FY 8 | 6 |

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

A. FUNDING SOURCE	FIRST FY 86			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(1,500)	()	(1,500)	(1,500)	()	(1,500)
(Loan)	()	()	()	()	()	()
Other U.S.						
1.						
2.						
Host Country						
Other Donor(s) UNDP				2,009		2,009
TOTALS	1,500		1,500	3,509		3,509

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	901	820				1,500		1,500	
(2)									
(3)									
(4)									
TOTALS						1,500		1,500	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)
824 821 827 823

11. SECONDARY PURPOSE

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

3. PROJECT PURPOSE (maximum 480 characters)
To increase the carrying capacity and improve the operational efficiency of the SADCC transportation network.

4. SCHEDULED EVALUATIONS
Interim MM YY Final MM YY
0 | 1 | 8 | 8 | 1 | 2 | 8 | 9 |

15. SOURCE/ORIGIN OF GOODS AND SERVICES
 000 941 Local Other (Specify) UNDP

5. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.) PROCEDURE

Clearance: Marjorie Lewis, Controller *ML*

17. APPROVED BY
Signature: *Scott E. Smith*
Title: Scott E. Smith, Acting Director, USAID/Zimbabwe
Date Signed: MM DD YY
0 | 9 | 0 | 1 | 1 | 0 |

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
MM DD YY

Project Paper
Regional Transport Development
Sector Technical Assistance Grant
690-0238

TABLE OF CONTENTS

1. BACKGROUND
 - 1.1. The SADCC Region
 - 1.2. The Southern Africa Transport and Communications Commission (SATCC)
2. REGIONAL TRANSPORT SYSTEMS
 - 2.1. Angola
 - 2.2. Botswana
 - 2.3. Lesotho
 - 2.4. Malawi
 - 2.5. Mozambique
 - 2.6. Swaziland
 - 2.7. Tanzania
 - 2.8. Zambia
 - 2.9. Zimbabwe
3. THE UNCTAD TRANSPORT SECTOR PROGRAM
 - 3.1. Historical Background
 - 3.2. Current Project Activities
4. PROJECT DESCRIPTION
 - 4.1. Problem Statement
 - 4.2. Goal and Purpose
 - 4.3. Outputs
 - 4.4. Project Evaluation
5. FINANCIAL PLAN
 - 5.1. Budget
 - 5.2. Method of Financing
 - 5.3. Audit
6. PROJECT ANALYSES
 - 6.1. Economic Analysis and Beneficiaries
 - 6.2. Technical Analysis
 - 6.3. Environmental Considerations
7. IMPLEMENTATION ARRANGEMENTS
 - 7.1. AID Responsibilities
 - 7.2. UNCTAD/UNDP Responsibilities
8. CONDITIONS PRECEDENT

ANNEXES

- Annex 1 - The Project Technical Assistance Inputs, Costs, Objectives and Source of Funding
- Annex 2 - Comprehensive Project Outputs for Overall UNCTAD Program
- Annex 3 - Proposed UNDP/AID Cost Sharing Financial Plan
- Annex 4 - Request for Assistance
- Annex 5 - Statutory Checklist
- Annex 6 - PID Approval Cable
- Annex 7 - IEE Approval Cable

UNCTAD TECHNICAL ASSISTANCE GRANT
PROJECT RAF/77/017

1. BACKGROUND

1.1. The SADCC Region

The Southern Africa Development Coordination Conference (SADCC) is a grouping of nine majority-ruled states in Southern Africa: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe. The SADCC countries have an estimated total population of 67 million people, and the common characteristics of the region include low Gross National Product (approximate per capita income of \$380 p.a.), external dependency, lack of foreign exchange and a high public indebtedness.

According to the Declaration signed in Lusaka (Zambia) on the 1st of April, 1980, the objectives of "economic liberation" recognised the need to:

- (a) reduce economic dependence particularly, but not only, on the Republic of South Africa;
- (b) forge links to create genuine and equitable regional integration;
- (c) mobilise resources to promote the implementation of national, interstate and regional policies;
- (d) take concerted actions to secure international cooperation within the framework of member states' strategy for economic liberation;
- (e) promote rational and integrated utilisation of the various systems existing in the region;
- (f) promote new concrete development programs and projects and the modernisation of existing systems;
- (g) seek participation of the independent states in the region.

Within these aims, is an implicit acknowledgement that some serious development constraints can only be effectively tackled through concerted regional programs.

1.2. The Southern Africa Transport and Communications Commission (SATCC)

The role of transport and communications in the task of achieving the region's economic and social goals was underscored by the setting up of the Southern Africa Transport and Communications Commission (SATCC), based in Maputo, after approval by the SADCC summit in Harare in July, 1981. The Commission has so far identified a number of transport and communications projects to be undertaken in the region.

Under Article II of the Commission's establishment convention, the Commission's objectives are to:

- (a) provide coordination in overcoming transport and communications problems in the region;
- (b) provide economic and efficient means of transport and communications in the region;
- (c) achieve self-sufficiency in the maintenance of equipment and plant;
- (d) achieve self-sufficiency in technical manpower, training and development;
- (e) encourage the efficient utilisation of available resources for the betterment of transport and communications within the region.

2. REGIONAL TRANSPORT SYSTEMS

For a general overview of the transport situation, a country by country analysis of the regional transportation systems and the identified problems (constraints) follows:

2.1. Angola

The country is served by the three main ports of Lobito, Luanda and Mocamedes; a 1,340 kilometer railway line linking the country to Zaire and Zambia; and an underdeveloped road system which is of very little regional significance.

The security situation, together with poor track conditions and limited rolling stock, has constrained optimal use of the Benguela railway, consequently causing under-utilisation of Lobito (the only port of economic significance to the region).

2.2. Botswana

A distinctive characteristic of this country is that not only is it landlocked and highly dependent on South Africa for access to the sea, but it is also a transit country, providing access to RSA ports for Zimbabwe, Zaire, Zambia and Malawi. Most of Botswana's overseas traffic (about 80%) is carried by rail. Freight data show that the country handles more transit traffic than domestic. The two countries that provide Botswana with railway outlets to the sea for its overseas trade are South Africa (Durban and Cape Town) and Zimbabwe (the Mozambican ports of Beira and Maputo). There is a single 714 kilometer line linking Botswana with Zimbabwe in the north and South Africa in the south. The railway line is owned and operated by the National Railways of Zimbabwe, until its scheduled takeover by Botswana in 1987. Although the shortest direct route is the one to Walvis Bay, the present low level of traffic would not make investment of a new railway line feasible. However, the situation might change with the

development of soda ash and other chemical products at Suan Pan. A sea link with Dar-es-Salaam by rail through Lusaka (Zambia) is hampered by distance (about 2,932 km) and difficult terrain.

The major part of Botswana's imports, most of which are from South Africa, are moved by road. There are road links with Zambia (via Kazungula) and Zimbabwe (via Victoria Falls) which are also utilised by both Zambia and Malawi for freight to and from South Africa.

With a relatively small and open economy, the country is extremely vulnerable to the volatile socio-political conditions applicable in the neighbouring countries, mainly South Africa. Present ownership of the railway line by Zimbabwe exposes the country to possible interruptions and constrains control over operations, pricing and investment policy. Protectionism and cross-subsidisation applicable to the South African Railways, has also affected the transport industry in Botswana.

2.3. Lesotho

The peculiar situation of Lesotho is that it is completely surrounded by South Africa, compelling it to depend completely on South Africa's transport system. Access to the ports of East London, Durban and Port Elizabeth is provided wholly by the South African rail and road systems.

The paucity of the domestic market (mohair wool, handicrafts and knitwear), high South African port charges, and the presence of an unfriendly homeland (Transkei) to the south, means that the only viable direct link to the outside potential markets is by air transport. This would have the effect of boosting the export potential of commodities like meat, hides and shoes.

2.4. Malawi

The country's only two outlets to the sea by rail are the Mozambican ports of Nacala to the east and Beira to the south. There is no railway connection with Zambia as the western line terminates at Mchinji. The major road links are to Zambia via the Zambian border town of Chipata, to Zimbabwe via the Mozambican town of Tete and to the Tanzania-Zambia Highway (TANZAM) through a link at the Tanzanian town of Mbeya.

The security situation in Mozambique has effectively cut the direct Malawian road and rail links to both Nacala and Beira. Lack of uniformity between railway tariffs of Malawi and Mozambique has also been another factor while at the same time Mozambique has no adequately developed road network to cater to international freight. However, Malawi has the possibility to travel by road to Harare (Zimbabwe) and then by rail to Beira

(Mozambique). Currently, Malawi has to transit Zimbabwe, Botswana and Zambia for access to South African ports. As an alternative to the costly RSA routes, Malawi is embarking on a major project to provide access to Dar es Salaam via lake, road and rail. The project is a multi-donor effort to which AID will contribute approximately \$10.5 million to improve cargo services on Lake Malawi.

2.5. Mozambique

A historically determined aspect of the Mozambique transport system is that it was set up mainly for the benefit of South Africa, Rhodesia (Zimbabwe) and Malawi, rather than for local purposes, with the consequence that all traffic inwards radiates from the three ports of Maputo, Nacala and Beira. All south-north movements have to be by road or sea, as rail movements necessitate going through a neighbouring country.

The country has assumed the status of a regional transit center serving Malawi, Zimbabwe, Swaziland and South Africa. Mozambique, as a matter of policy, discourages transit traffic by road and the road network is underdeveloped and not suitable for international transport. The railway system is based on three autonomous and physically isolated networks. The CFM-Centro, based in Beira, controls the 317 km Beira-Dondo-Machipanda linking with the National Railways of Zimbabwe, the 335 km Dondo-Sena-Vila Nova de Fronteira linking with the Malawi Railways (Dondo is 28 km from Beira) and the 354 km Dona Ana-Moatize giving access to the coal mines at Moatize (Dona Ana is 40 km from Vila Nova). CFM-Sul, based in the capital Maputo, consists of the 74 km Goba line to Swaziland, the 38 km Ressano Garcia line to South Africa and the 534 km Limpopo line to Zimbabwe. The CFM-Norte, based in Nacala, controls the 615 km line linking Nacala with the Malawi border.

The port of Nacala, which is the best of the three ports with a natural deep water harbor, has presently been made inaccessible by insurgency except to Nampula in Mozambique. The rail link between Zimbabwe and Beira is protected by the Zimbabwe military and is currently being rehabilitated under USAID and NRZ-supported projects. Beira port is being improved with assistance from the Netherlands.

2.6. Swaziland

The landlocked country is linked to both Maputo and South Africa by a well-developed rail and road network, both of which are undergoing rehabilitation.

Until 1983, Maputo had been Swaziland's natural seaport, handling about 90% of the country's exports and imports. While

current use of Maputo is mainly for exports destined overseas, Durban now handles most of the country's trade. This route is three times longer than the one to Maputo.

With almost all the country's imports coming from South Africa, overseas trade through the seaports is mainly for the export of sugar, pulp, canned fruit and citrus. The railway system is mainly sustained by iron ore exports but the decline in ore exports may soon threaten the viability of the railway system. A major need is the establishment of a more independent customs administration, which is now heavily dependent on the South Africa Customs Union.

2.7. Tanzania

Dar es Salaam is the only one of the four existing ports that has any particular significance to the SADCC development program. The 975 km-long TAZARA railway line links Dar es Salaam with Kapiri Mposhi in Zambia. From Kapiri Mposhi the line branches northwards to Zaire and southwards to Zimbabwe. The 925 km Tanzam Highway provides a parallel and similar link as the TAZARA. Transit traffic to and from Zambia as well as local traffic are major users of the Tanzam Highway.

Due to increased use of the Tanzam Highway by transit traffic, a rehabilitation program of some highway sections is necessary. Management problems have constrained the capacity growth of the port of Dar es Salaam. TAZARA is presently operating at sub-capacity levels because of shortages of locomotives and wagons. Both TAZARA and the port are high priority SATCC projects for rehabilitation with some donors already involved.

2.8. Zambia

Considered the major exporter of all landlocked countries in the region with the most potential corridors for external trade, the country has been privileged by a greater flexibility of transportation routes which, in turn, minimizes interruptions of export and import flows.

The railway system is run by two institutions. The Tanzania-Zambia Railway (TAZARA) operates the 1,860 km railway linking Kapiri Mposhi (connection to Zaire) and Dar es Salaam. Zambia Railways operates the 1,104 km rail stretch from Livingstone (connecting with the National Railways of Zimbabwe) to Sakania (connecting with the SNCA of Zaire through Kapiri Mposhi). The two systems effectively provide access to Lobito (Angola via Zaire), Dar es Salaam (Tanzania), the South African ports and Beira and Maputo (Mozambique).

The main international road network links with the Malawi Railway line at the Malawian town of Mchinji via the Zambian town of Chipata; a link with Botswana exists via the Kazungula Bridge connecting with the railway line at Francistown; the main link with Zimbabwe is through a trunk road between Lusaka and Harare and another link between Livingstone and Hwange via Victoria Falls.

While the infrastructure might be sufficient to cater for current demand, there is a premium on transport costs as a result of operational inefficiency (mainly TAZARA) and other external factors such as security (e.g., the Lobito corridor).

A rehabilitation project including rehabilitation of the rolling stock, modernisation of the communication system and relaying some portion of the track is part of an ongoing World Bank sponsored program (to which AID is contributing funds for locomotive parts).

2.9. Zimbabwe

Despite having the best developed road and rail transport system in the region, the country is landlocked and, therefore, not exempt from the difficulties involved in carrying out overseas trade through neighboring countries.

The main railway line connects with South African ports via Beitbridge; with Beira via Mutare; with Maputo via Chicualacuala; with Botswana and South Africa via Plumtree; and with Zambia (including Zaire) via Victoria Falls.

Originally, the road network was constructed to serve the commercial farms. The road outlet to Zambia passes through the northern town of Chirundu; the one to Botswana is parallel to the railway line; the one to South Africa is via Beitbridge; and the one to Mozambique and Malawi goes through the northeastern town of Mutoko.

Insurgency problems have hampered the use of the Maputo outlet while the political situation in South Africa holds the southern outlets at ransom. The Beira outlet still operates but only because of the costly protection of the railway line and the parallel oil pipeline. There is still, however, a rationale for developing the much longer Dar es Salaam corridor as an "insurance" route.

3. THE UNCTAD TRANSPORT SECTOR PROGRAM

3.1. Historical Background

Project RAF/77/017 had its inception in May 1979 with a satellite "A" phase aimed at facilitating transit transport of Zambia's imports and exports through the Tanzanian port of Dar es Salaam.

With the UNCTAD program becoming fully operational through the project's headquarters in Blantyre, efforts were focussed on identifying the bottlenecks that had contributed to higher transit transport costs and interruption of services. Technical corridor studies were undertaken in the 1981/83 period culminating, inter alia, in consolidated country reports on Zimbabwe, Malawi, Zambia, Botswana, Swaziland and Lesotho; dry port pre-feasibility studies on all the landlocked countries except Zimbabwe; reports on port staff training and port management accounting needs; and reports in the other areas affecting transit transport operations and trade facilitation.

As the program entered its second phase in 1983, the conceptualisation stage matured into the operations stage. The analytical exercises were then addressing the root causes of the transport bottlenecks experienced in the region. Actual implementation of a number of substantive activities occurred from 1983 to 1986.

3.2. Current Project Activities

The current phase of the program is, therefore, mainly operational with the following range of activities approved at the February 1986 Tripartite Review Meeting held at Blantyre, Malawi (so far, four Tripartite Review meetings have been held on Project RAF/77/017 i.e., every two years beginning with the first one in 1980, during its satellite "A" phase):

- 1) Project management and coordination;
- 2) Improving cargo flows, tracking and land transit systems;
- 3) Road transport management and operations;
- 4) Training in road maintenance;
- 5) Rail transit transport management and operations;
- 6) Training in railway maintenance;
- 7) Port management and operations;
- 8) Training in port equipment and maintenance;
- 9) Port management accounting;
- 10) Setting up of dry ports;
- 11) Transit documentation and procedures;
- 12) Up-dating country corridor studies;

- 13)+15) Development and strengthening of the institutional capacity of government and parastatal bodies in charge of transit transport;
- 14) Assistance in formulating transit transport agreements;
- 16) Training of small-scale national trucking operators;
- 17) Training workshops for landlocked country users of transit ports;
- 18) Training assistance in air cargo handling.

4. PROJECT DESCRIPTION

4.1. Problem Statement

This project will help alleviate two critical problem areas affecting the efficiency and reliability of the regional transport network:

- capacity constraints that either prevent or slow the movement of cargo within the region; and
- poor management and shortages of skilled staff in the transport sector.

These problems have forced many SADCC countries to use transportation routes which, while quicker and more reliable than the historically preferred routes, are much more expensive. Combined with the uncertainty surrounding the continued availability of the currently used routes to RSA ports, the excessive costs are making the situation unbearable for the landlocked countries in the region. The trade impact of development activities is dampened by the high cost of transporting goods and the amount of foreign exchange expended in transport costs has reached unacceptable levels in several countries.

This project proposes assistance to address both capacity and management constraints.

4.2. Goal and Purpose

The long-term goal of the Southern Africa Regional Transport Development Program is to support the development of a stronger foundation for economic growth in the SADCC region.

A key ingredient for achieving this goal, and the central focus of this project, is an efficiently-functioning, reliable, and cost-effective regional transport system. The purpose of this project is to improve the operational efficiency and carrying

capacity of the regional transport network. Key features of the project include: (1) better management, particularly in the areas of rail, road and port maintenance; (2) improved systems for tracking cargo movements; (3) plans for alternative approaches for mining and clearing cargo (e.g., the establishment of dry ports in landlocked countries); (4) the development of streamlined standardized transit documents; and (5) the preparation of regional transit agreements.

The A.I.D. project, which will be in the form of a grant to UNDP/UNCTAD, will fund technical assistance and on-the-job training in the areas listed above. In addition, the A.I.D. grant will finance updates of country economic and transport studies upon which future project activities and plans will be based.

By the end of this three-year activity (December 31, 1989), the SADCC region should be benefitting from:

- faster delivery and turnaround times for road and rail traffic and in regional ports;
- increased value of commodities transiting SADCC ports (in real terms);
- more reliable commodity shipments;
- unit transport costs which are below 1985 levels (in real terms);
- an increase in the volume of goods hauled by SADCC transport systems over 1985 levels; and
- increased income for SADCC transporters and producers.

4.3. Outputs

Expected outputs during the implementation of the project which will contribute to the achievement of the project's purpose are:

- standardized, simplified transit documents and transit procedures developed and in use;
- bilateral transportation transit agreements negotiated and implemented;
- feasibility studies for four key ports;
- improved cargo tracking systems being used;
- improved road and rail maintenance programs being implemented;

- updated transport sector analyses available for project and program planning;
- trained persons in management of transport systems and facilities in the region; and
- updated transport corridor studies.

In addition to the A.I.D. grant, the UNDP will provide assistance in the following fields:

- project management and support;
- equipment and commodity support;
- transit systems analysis;
- data processing;
- road transport operations;
- manpower development;
- rail operations;
- port management;
- macro economic analysis;
- road haulage operations; and
- air transport operations.

The A.I.D. grant will be in the form of long- and short-term technical assistance totaling 171 person-months over a 36-month period, from January 1, 1987 through December 1989.

Annex 1 provides a detailed listing of inputs by technical assistance category, including total person-months, duration of services and costs to A.I.D. and UNDP.

4.4 Project Evaluation

Every two years since the inception of the UNCTAD program, a tripartite review is held in Lilongwe, Malawi. These reviews, attended by UNCTAD, SADCC Ministry of Transport officials, and SATCC staff, assess project performance over the previous two years. The next review is scheduled for 1988 and will include a representative from the SARP. The minutes of this meeting will include findings and recommendations for the upcoming two-year program and will serve as A.I.D.'s interim evaluation. At the end of the project in December 1989, AID and UNCTAD will conduct a joint evaluation to assess the quality of technical assistance provided under the grant and to

determine the usefulness of the assistance in improving the operations of the regional transport system. Funds are included in the grant for this evaluation.

5. FINANCIAL PLAN

5.1. Budget

Annex 1 contains a detailed list of project technical assistance components and funding levels by technical assistance category over the period 1987-89. The estimated cost of all the identified project components and related costs is approximately \$3.5 million. The A.I.D. contribution is \$1.5 million; UNDP will contribute \$2.009 million.

BUDGET CONTRIBUTION US\$

	<u>AID</u>	<u>UNDP</u>	<u>TOTAL</u>
Technical assistance	1,229,000	1,429,000	2,658,000
Group training	50,000		50,000
Support personal, official travel and mission costs	20,000	330,000	350,000
Equipment	-	140,000	140,000
Operating costs	-	110,000	110,000
Contribution to operating costs (USAID)	172,770	n/a	172,770
Sundry/contingency	<u>28,230</u>	<u>-</u>	<u>28,230</u>
	<u>1,500,000</u>	<u>2,009,000</u>	<u>3,509,000</u>

See Annexes 1 and 3 for a more detailed breakdown and explanation of costing.

5.2. Method of Financing

A.I.D. will make disbursements under the direct reimbursement method of financing with periodic advances. Disbursements will be made to UNDP under their normal procedures for administering donor funds. UNDP will advance funds to UNCTAD on the basis of quarterly plans and liquidate the advance based on actual expenditures. Expenditures by technical assistance line item will be reported to UNDP and the Controller, USAID/Zimbabwe, quarterly.

5.3. Audit

Audits will be performed in accordance with current UNCTAD and UNDP audit procedures. The grant agreement will specify the categories of technical assistance to be financed by A.I.D. and copies of internal audits covering these project activities will be furnished to the Controller, USAID/Zimbabwe. This procedure is in accordance with A.I.D. Handbook 13, Chapter 5, governing grants to public international organizations for projects where A.I.D. is not the sole contributor.

6. PROJECT ANALYSIS

6.1. Economic Analysis and Beneficiaries

The \$1.5 million grant from A.I.D. is aimed at contributing to the region's immediate objectives i.e. identification and analysis of the bottlenecks applicable to regional transit transport systems. The benefits will be in the form of savings in shipping costs and improvements in the quality of services (e.g., time and reliability).

The investment strategy is determined from a rationale that a more economic and efficient use of resources is achievable by a regional approach as compared to a country by country approach. The broadly defined regional goals constitute a minimum level of effectiveness (see Annex 1). The assumed savings in movement costs and improvement in the quality of services are not easily quantifiable in monetary terms. For the purposes of this project paper, conventional cost benefit analysis is not contemplated because of the likelihood of introducing an unacceptable degree of subjectivity.

The approach adopted involves adoption of a practical determination of an index of effectiveness. At this stage a form of cost-effectiveness analysis or, more precisely, a cost/input-impact analysis is used, where effectiveness is given in the form of broadly defined regional goals. These would then provide the basis of an evaluation exercise after the implementation phase.

A detailed analysis of all the regional project input components, costs, objectives (effectiveness/impact) and funding is found in Annex 1. The table below summarises the costing for A.I.D.-funded projects for the period 1987-1989:

COSTING FOR USAID FUNDED-PROJECTS
MANPOWER INPUT

<u>ACTIVITY (Project)</u>			<u>TOTAL COST</u>
<u>No.</u>	<u>Description</u>		<u>(US\$)</u>
2	Improving cargo flows, tracking and land transit systems	(i) Transit Systems Exp. (ii) Data Processing Exp. (iii) Computer Programmer	155,000 25,000 73,000
5	Rail transit transport mgt. and operations	Rail Operations and Mgt. Specialist	95,000
10	Development of dry ports	(i) Multimodal Transport Legal Expert (ii) Dry Ports/Inland Clearance Terminal Operations and Mngt. Expert	80,000 70,000
11	Transit documentation and procedures	(i) Documentation Spec. (ii) Trade Facilitating Advisor	43,000 85,000
12	Updating Country Corridor studies	Transport Economist	240,000
13+15	Development and strengthening of transit transport inst.	Development Economist	115,000
14	Assistance in formulating Transit Transport Agreements	Legal Expert in Transit Transport Agreements	67,000
17	Training workshops for land-locked country users of transit ports	Consultants	51,000
-	-	Consultants	30,000
-	Mission costs	-	20,000
-	Group training	-	50,000
-	Contribution to Admin. Costs	-	172,770
-	Contingency	-	<u>28,230*</u>
TOTAL			<u>\$1,500,000</u>

*Because of A.I.D.'s contribution limit of \$1.5 million, this figure has been accordingly adjusted from the figure shown in Annex 3.

In relation to the activities identified in the above table, the policy goals and beneficiaries are outlined in the table below (see Annex 2 for all projects outputs, as provided by UNDP/UNCTAD).

PROJECT OUTPUT FOR USAID-FUNDED PROJECTS

<u>ACTIVITY</u>	<u>BENEFICIARIES</u>	<u>EXPECTED OUTPUT</u>
2	Zimbabwe Zambia Swaziland Lesotho Mozambique Swaziland	(i) Improved wagon-turnaround and availability (ii) Considerable time savings for the import/export paper work and processing of documents (iii) A more effective identification of transport bottlenecks along the transit pipeline; (iv) Trained computer operators and enhanced information utilization skills among the operational staff of the host institution
5	All SADCC countries	Adequate rail, road and port facilities and efficient related services as well as trained operators
10	Botswana Lesotho Swaziland Zambia Malawi Zimbabwe	Establishment of dry port facilities in the landlocked countries to reduce transit times of cargoes and to lower transit costs
11	All SADCC countries	Standardised, simplified and aligned transit documents & procedures which will reduce costs and expedite the flow of cargo on the transit pipeline
12	Zimbabwe Malawi Zambia Botswana Swaziland Lesotho	Assessment of the transit transport situation in project countries, including an updating and analysis of user costs and alternative corridors available to individual landlocked countries

- | | | |
|-------|-----------------------|---|
| 14 | All SADCC countries | Negotiation and implementation of bilateral and sub-regional transit transport agreements within the sub-region, to maximise the use of the road infrastructure, to lower transit costs, etc. |
| 13+15 | Tanzania and Botswana | Well-coordinated institutional framework for transit transport activities |
| 17 | All SADCC countries | Increased knowledge of facilities and services available in the sub-regional maritime ports for landlocked countries |

6.2. Technical Analysis

The UNCTAD Project RAF/77/017 for assistance in transit transport for Southern Africa evolved from the SADCC inception framework, using the concept that resources can be more effectively and efficiently addressed to the SADCC member countries' needs through a regional approach. Using a strategy of regional cooperation and concerted efforts to tackle the region's transit traffic problems, the project is highly feasible. Inputs are specifically designed to help SADCC achieve its policy objectives, including the reduction of dependency on South African trade routes.

A.I.D. is funding 9 out of the identified 24 technical assistance project input components for the program period 1987-89. The project involves the essential task of micro and macro analyses which provide the basis for appropriate feasibility analyses and subsequent identification of training components, institutional improvements and effective project implementation. The project is part of an ongoing process which reinforces efforts already underway to cope with the political and economic dynamics of the region. Hence, this phase of the project does not present elements of conflict with already established regional and/or national policies.

Part of the earlier phases of the project's activities involved comprehensive assessments of the transit transport situation in the form of individual country and transport corridor studies. These provide a proper framework for coordinated regional planning. To make this exercise more relevant and more in line with the current situation, updating of data is essential. This is envisaged under this project through the services of a full-time transport economist. This will be mainly for landlocked SADCC countries, where country studies have already been completed.

Assistance in the fields of cargo tracking and transit systems is aimed at improving cargo flow tracking and land transit systems by concentrating on areas experiencing present disruption of cargo flows. The effective link between maritime ports and landlocked countries through the establishment of information centers will facilitate better advance planning and more efficient utilization of available capacities.

To remove the disadvantage of not having a maritime port, the feasibility of legally conferring on the landlocked countries the rights and privileges enjoyed as a result of having seaports will be analyzed. This is an area of potentially great benefit to the landlocked countries but each case must be tested for economic viability. The regional impacts are significant.

The project will fund consultants to determine customs implications for the operations and management of dry ports. This will provide the setting for the establishment of the appropriate role of clearing and forwarding agents, and ascertainment of the general implications for customs procedures. With feasibility studies for dry port facilities in the landlocked countries of Botswana, Lesotho, Swaziland, Zambia, Malawi and Zimbabwe now completed and awaiting donor funding for implementation, this activity is a priority in terms of establishing a firm foundation for this activity's success.

Through the services of a documentation specialist, standardized and simpler transit documents will be developed and put into use which will allow cargo to flow in a speedier and less costly manner.

A characteristic feature of all SADCC countries is that in one way or another, they have to traverse other SADCC territories in order to carry out international trade. This calls for the need to make use of the services of a legal expert in transit transport and consultants on transit transport agreements in order to negotiate and implement mutually acceptable bilateral and sub-regional transit transport agreements.

In summary, the assistance proposed in this project is technically sound and cost-effective. The problems which will be addressed are among the most critical obstacles to an efficiently operating transport network and the implementation approach maximizes the regional spread effect of project technical assistance. In fact, the management, operational, and maintenance improvements which will result from this project are critical to the success of the multitude of infrastructural activities being undertaken in the region.

6.3 Environmental Considerations

A Categorical Exclusion was recommended in the PID for this project. AID/W approval was transmitted in State , attached as Annex 7.

7. Implementation Arrangements

7.1 AID Responsibilities

The project will be the responsibility of the Southern Africa Regional Office, Harare. The project manager will be the Regional Project Development Officer with technical backstopping from the Regional Engineer. Financial management will be the responsibility of the Controller, USAID/Zimbabwe.

Project management will involve periodic meetings between SARP and UNCTAD staff to review project progress. Plans and studies (e.g., proposed transit agreements, cargo tracking systems) will be provided to SARP in draft for review and comment.

Since UNCTAD will assume primary implementation responsibility, no PIO's or contracts will be executed by A.I.D. Project implementation letters will further define and clarify all reporting procedures.

7.2 UNCTAD/UNDP Responsibilities

The UNCTAD program is managed by a project office in Blantyre, Malawi, headed by a full-time project manager and a support staff. UNCTAD will select and contract for all technical assistance in accordance with their standard procedures. While A.I.D.'s grant will be used solely for technical assistance, UNDP will fund equipment procurement and logistical support costs. Again, the actual procurement will be performed by UNCTAD.

Audits and financial control will be performed by UNDP based on quarterly expenditure reports from UNCTAD project headquarters.

Host country contributions will be on an in-kind basis, consisting mostly of logistical support (offices, some office equipment, technical support). All logistical and administrative arrangements will be the responsibility of the UNCTAD project manager.

8. Conditions Precedent

No extraordinary conditions are required for this project. Evidence that UNDP has established a project account for the A.I.D. grant and the names of authorized representatives on the part of UNCTAD are the only anticipated CP's.

20

ANNEX 1

THE PROJECT TECHNICAL ASSISTANCE INPUT COMPONENTS, COSTS, OBJECTIVES AND FUNDING

MANPOWER INPUT	Duration Act. (man/months)				Budgetary Allocations (US\$)				Beneficiaries (Countries)	Expected* Output	Funding Source	
	No.	'87	'88	'89	Total	1987	1988	1989				TOTAL
Chief Technical Advisor	1	12	12	12	36	80,000	90,000	95,000	265,000	All		
Transit Systems Expert	2	12	12	6	30	75,000	80,000	45,000**	200,000	Zimb; Zambia, Swazi; Les; Moc. and Tanzania	Mgt. Coord.	UNDP
Data Processing Expert	2	3	-	-	3	25,000	-	-	25,000	"	(a)	UNDP
Computer Programmer	2	6	3	-	9	48,000	25,000	-	73,000	"	(a)	AID
Road Transport											(a)	AID
Mgt. and Operations Expert	3	12	3	3	18	75,000	20,000	28,000	123,000	All		
Road (Civil) Engineer	4	5	3	3	11	40,000	25,000	28,000	93,000	All	(b) + (i)	UNDP
Rail Operations and Mngt.											(c)	UNDP
Spec. Expert	5	12	3	3	18	75,000	20,000	28,000**	123,000	All		
Rail Engineer	6	5	3	3	11	40,000	25,000	28,000	93,000	All	(b)	UNDP/AID
Port Operations & Mgt. Spec.	7	12	3	3	18	75,000	20,000	28,000	123,000	Angola and Mozambique	(c) + (j)	UNDP
Port Training Expert	7	6	6	-	12	45,000	45,000	-	90,000	Angola and Mozambique	(d)	UNDP
Port Equipment Maint. Spec.	8	12	6	6	24	75,000	40,000	52,000	167,000	Tanzania, Mozambique and Angola	(c)	UNDP
Port Management Acct. Expert	9	12	3	-	15	75,000	20,000	-	95,000	Mozambique, Tanzania and Zambia	(d)	UNDP
Multimodal Transport Leg.Expt.	10	3	3	3	9	25,000	27,000	28,000	80,000	Bots, Les, Swazi, Zambia, Mal, & Zimb.	(h)	UNDP
Dry Ports/Inland Clearance												AID
Terminal Trng Expert	10	3	3	3	9	25,000	27,000	28,000	80,000	"	(h)	UNDP
Dry Ports/Inland Clearance												
Terminal Customs Expert	10	2	2	2	6	17,000	18,000	19,000	54,000	"	(h)	UNDP
Dry Ports/Inland Clearance												
Terminal Op.& Mngt. Expert	10	3	6	6	15	25,000	45,000	45,000**	115,000	"	(h)	UNDP/AID
Documentation Specialist	11	12	6	3	21	75,000	40,000	28,000	143,000	All	(e)	AID
Trade Facilitating Advisor	11	9	3	-	12	60,000	25,000	-	85,000	All	(e)	AID
Transport Economist (Updates of Country Reports)	12	12	12	12	36	75,000	80,000	85,000	240,000	Zimb, Mal, Zambia, Bots Swazi, & Lesotho	(f)	AID
Development Economist	13	15	8	-	16	55,000	60,000	-	115,000	To be agreed on an individual country basis	(g) + (i)	AID
Legal Exp. in Transit Transp.	14	4	4	-	8	32,000	35,000	-	67,000	All	(i)	AID
Road Haulage Transport												
Operations Expert	16	3	-	-	3	25,000	-	-	25,000	Workshops in Bots, Tanz, Swazi, Mal, Les.	(j)	UNDP
Consultants (Workshops for landlocked trans. port users	17	2	2	2	6	16,000	17,000	18,000	51,000	All	(k)	AID

THE PROJECT TECHNICAL ASSISTANCE INPUT COMPONENTS, COSTS, OBJECTIVES AND FUNDING

MANPOWER INPUT	Duration				Budgetary Allocations				Beneficiaries (Countries)	Expected Output	Funding Source	
	Act. No.	'87	'88	'89	Total	1987	1988	1989				TOTAL
Consultants (institutional capacity for transit trans. Road Haulage Transport Operations Specialist	15	6	12	6	24	45,000	96,000	51,000	192,000	Tanzania and Botswana	(l)	AID
Consultants (Workshops for transit port users)	16	3	3	3	9	22,500	24,000	25,500	72,000	Workshops in Bots, Tanz, Swazi, Mal & Leso.	(j)	UNDP
Air Cargo Handling Expert	17	2	2	2	6	15,000	16,000	17,000	48,000	All	(k)	AID
Consultants	18	4	4	4	12	32,000	35,000	36,000	103,000	All	(m)	UNDP
TOTAL	-	1	1	1	3	10,000	10,000	10,000	30,000	All	-	AID
		175	111	75	361	1,200,000	829,000	629,000	2658,000			

* See Annex 2.

** Joint financing where 1989 only is funded by UNDP.

Refer to "Revised Project Document: Work Programme for the Period 1987 to 1989", pp 3-4.

ANNEX 2
COMPREHENSIVE OUTPUTS FOR RAF/77/017 PROJECT

Consistent with the project objectives and activities described, the outputs of the projects are expected to be the following:

- a) The establishment of efficient, integrated, transit information systems for cargo tracking at subregional level, including interchange of information between two or more computerized information centres in the landlocked countries (Activity 2) which will result in:
 - (i) improved wagon-turnaround and availability;
 - (ii) time savings for the importer/exporter in the paper work and processing of documents;
 - (iii) a more effective identification of transport bottlenecks along the transit pipeline;
 - (iv) trained computer operators and enhanced information utilization skills among the operational staff of the host institution;
 - (v) accurate import and export statistics with data showing:
 - Offer and demand of transport equipment;
 - Time delays in movement of wagons and cargo;
 - Cost of hire and interchange of wagons;
 - Rolling stock utilization.
 - (vi) Existent potentialities for the interchange of information regarding the movement of cargoes along the transit pipelines between two or more countries in the subregion;
- b) Adequate rail, road and port facilities and efficient related services as well as trained operators (Activities Nos. 3 and 5);
- c) Skilled maintenance personnel in rail, road and port operations (Activities Nos. 4, 6 and 8);
- d) Improved and commercially sound port financial accounting and costing operations and trained port accounting and costing personnel, including greatly improved management and efficient operations of the port through the training operations, supervisory and middle management personnel (Activities Nos. 7 and 9);

- e) Standardized, simplified and aligned transit documents and procedures which will reduce costs and expedite the flow of cargoes on the transit pipeline (Activity No. 11);
- f) Assessment of the transit transport situation in project countries, including updating and analyses of user costs for alternative corridors available to individual landlocked countries (Activity No. 12);
- g) Country reports on the impact of geographical handicaps on overall economic development, including recommendations for a more rational transportation strategy for the national economies of landlocked countries (Activity No. 13);
- h) Establishment of dry port facilities in the landlocked countries to reduce transit times of cargoes and to lower transit costs (Activity No. 10);
- i) Negotiation and implementation of bilateral and subregional transit transport agreements within the subregion, to maximize the use of the road infrastructure, to lower transit costs, etc. (Activities Nos. 3 and 14);
- j) A viable and well-organized small-scale road haulage industry and to contribute to the development of the national road haulage capacity (Activity No. 16);
- k) Increased knowledge of facilities and services available in the subregional maritime ports for landlocked countries (Activity No. 17);
- l) Well-coordinated institutional framework for transit transport activities (Activity No. 15);
- m) Efficient air cargo operations (Activity No. 18).

Source: UNDP/UNCTAD Project RAF/77/017 Revised Work Program.

Annex 3

Country: Regional Africa

Proposed UNDP/USAID Cost Sharing Project

Project No.: RAF/77/017

(in US Dollars)

Project Title: Assistance in Transit Transport for the landlocked countries of the Southern African sub-region

PROJECT PERSONNEL	1987		1988		1989	
	USAID	UNDP	USAID	UNDP	USAID	UNDP
Experts						
1 Chief Technical Adviser		12 80,000		12 90,000		12 95,000
2 Transit System Expert	12 75,000		12 80,000		6 45,000	
2 Computer Programmer	6 48,000		3 25,000			
2 Data processing Expert	3 25,000					
3 Rd. Transp. Man & oper. expert		12 75,000		3 20,000		3 28,000
4 Rd. Engineer		5 40,000		3 25,000		3 28,000
5 Rail op. & Manage. Specialist	12 75,000		3 20,000		3 28,000	
6 Rail Engineer		5 40,000		3 25,000		3 28,000
7 Port Training Expert		6 45,000		6 45,000		
7 Port Ope. & Manage. Specialist		12 75,000		3 20,000		3 28,000
8 Port Equip. Maint. Specialist		12 75,000		6 40,000		6 52,000
9 Port Management Accounting Expert		12 75,000		3 20,000		
10 Multimodal Transp. Legal Expert	3 25,000		3 27,000		3 28,000	
10 Dry Ports/inlands clea.Team Tr.Ex		3 25,000		3 27,000		3 28,000
10 Dry Ports/inlands Oper.Mgt. Exper	3 25,000	3	6 45,000			6 45,000
10 Dry Ports/inlands Customs Expert		2 17,000		2 18,000		2 19,000
11 Documentation Specialist	12 75,000		6 40,000		3 28,000	

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25

Country: Regional Africa

Project No.: RAF/77/017

Project Title: Assistance in Transit Transport for the landlocked Countries of the Southern African Sub-region

	1987		1988		1989							
	USAID	UNDP	USAID	UNDP	USAID	UNDP						
11 Trade Facilitation Adviser	9	60,000	3	25,000								
12 Transport Economist	12	75,000	12	80,000	12	85,000						
13 + 15 Development Economist/Inst. Bldg.	8	55,000	8	60,000								
14 Legal Expert in Trans./gr.	4	32,000	4	35,000								
16 Ad. Haulage Transp. Oper. Specialist		3	25,000									
17 Landlocked countr. user workshop	2	16,000	2	17,000	2	18,000						
18 Air Cargo Handling Expert		4	32,000	4	35,000	4	36,000					
Consultants	1	10,000	1	10,000	1	10,000						
Component Subtotal	87	596,000	91	604,000	53	464,000	56	365,000	20	169,000	54	460,000
Support Personnel			25,000		25,000		25,000					
Official Travel			75,000		75,000		75,000					
Mission Costs			10,000	20,000	10,000		10,000					
Component Total		596,000	714,000	484,000	475,000		169,000		570,000			
TRAINING												
Group Training		15,000	-	20,000	-	15,000	-					
Component Total		15,000	-	20,000	-	15,000	-					

23

26

Project Budget Covering UNDP Contribution
(in US Dollars)

Country: Regional Africa

Project No.: RAF/77/017

Project Title: Assistance in Transit Transport for the landlocked countries of the Southern African sub-region

	1987		1988		1989	
	USAID	UNDP	USAID	UNDP	USAID	UNDP
Equipment						
Expendable equipment		10,000		5,000		5,000
Non-expendable equipment		120,000		-		-
Component total		130,000		5,000		5,000
Miscellaneous						
Operaton & Maintenance Equipment		25,000		25,000		20,000
Reporting Costs		15,000		15,000		10,000
Sundry /Contingency	10,000		10,000		10,000	
Component total	10,000	40,000	10,000	40,000	10,000	30,000
Project Total	621,000	884,000	514,000	520,000	194,000	605,000
Cost sharing Exclusive of overhea	621,000		514,000		194,000	
Net encumbrance against IPF None Total contribution	884,000		520,000		605,000	
Cost sharing budget						
Overhead 13%	80,730		66,820		25,220	
Cost-sharing	621,000		514,000		194,000	
Total cost sharing	701,730		58,682		219,220	

USAID project Total = 1,329,000 (exclusive of overhead)
UNDP Total Contribution= 2,009,000

Source: UNDP

NOTES (Annex 3)

The costing for project personnel components is based on UNDP experience-based estimates* and there is a built-in contingency for escalation, etc.

- a. For budgeting purposes, a distinction is made between intermediate experts, intended at the time the budget is prepared to serve for a period of one year or more; short-term experts, intended to serve for a period between 6 and 12 months; and consultants contracted (or scheduled to be contracted) for less than 6 months.
 - b. Intermediate and short-term expert posts should be identified, each on a separate budget line. The number of man-months anticipated to be delivered under each expert post should be shown within each annual segment of the budget within the corresponding cost.
 - c. The cost of experts naturally varies according to their grade (level and step, dependency situation, and the duty station's post adjustment classification).
 - d. Consultants' services should be budgeted by individual post but by the aggregate number of man-months anticipated to be delivered each year, and costed realistically. For budgeting purposes, an expert on an initial appointment of less than six months should be treated as a consultant. If extended beyond six months, the cost should be transferred to an individual budget line at the time of the next budget revision or re-phasing.
 - e. The minimum man-month work for budgeting of expert and consultant services is one-half of one man-month.
 - f. Budget line allocations per annum for experts and consultants include salary, DSA, travel and various allowances as the case may be.
- * Based on "Schedule of Estimated Monthly Expert Cost, by Grade and Post Adjustment."

Source: Annotations extracted from the U.N. Department of Technical Cooperation for Development "Manual for Chief Technical Advisors," (New York, 1983).

STATUTORY CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only: B.2. applies to all projects funded with Development Assistance loans and B.3. applies to projects funded from ESF.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

A. GENERAL CRITERIA FOR PROJECT

1. FY 1985 Continuing Resolution Sec 525: FAA Sec. 634A

Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project.

FY 86 CN

2. FAA Sec. 611(a)(1)

Prior to obligation in excess of \$500,000 will there be (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

YES

3. FAA. Sec. 611 (a)(2)

If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

N/A

4. FAA Sec. 611(b): FY 1985 Continuing Resolution Sec 501

If for water or water-related land resource construction, has project met the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq)? (See AID Handbook 3 for new guidelines.)

N/A

5. FAA Sec. 611(e)

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

N/A

6. FAA Sec. 209

Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.

Project is regional with funding by AID and UNDP

7. FAA Sec. 601(a)

Information and conclusions whether project 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.

Improving transport systems will have positive impact on subsections (a) and (b)

8. FAA Sec. 601(b)

Information and conclusions on how project will encourage U.S. private trade and investment abroad and and encourage private U.S. participation in foreign assistance programs including use of private trade channels and the services of U.S. private enterprise.

Many transport networks rely on U.S.-manufactured parts and equipment

9. FAA Sec. 612(b), 636(h); FY 1985 Continuing Resolution Sec 507

Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

N/A
Regional Project

10. FAA Sec. 612(d)

Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

N/A

11. FAA Sec. 601(e)

Will the project utilize competitive selection procedures for awarding of contracts, except where applicable procurement rules allow otherwise?

Yes, following UN procedures

12. FY 1985 Continuing Resolution Sec 522

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. procedures of the same, similar or competing commodity?

N/A

13. FAA 118(c) and (d)
Does the project comply with the environmental procedures set forth in AID Regulation 16? Does the project or program take into consideration the problem of the destruction of tropical forests? YES

14. FAA 121(d)
If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency) generated therefrom? N/A

15. FY 1985 Continuing Resolution Sec. 536
Is disbursement of the assistance conditioned solely on the basis of the policies of any multilateral institution? NO

16. ISDCA of 1985 Sec. 310
For development assistance projects, how much of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans or Native Americans or who are economically or socially disadvantaged (including women)? N/A

B. FUNDING CRITERIA FOR PROJECT

N/A 1. Development Assistance Project Criteria

N/A 2. Development Assistance Project Criteria
(Loans Only)

3. Economic Support Fund Project Criteria

a. 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

b. FAA Sec. 531(c)

Will assistance under this chapter be used for military, or para-military activities? NO

c. ISDCA of 1985 Sec. 207

Will ESF funds be used to finance the construction of, or the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such country is a party to the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty for the Prohibition of Nuclear Weapons in Latin America (the "Treaty of Tlatelolco"), cooperates fully with the IAEA, and pursues nonproliferation policies consistent with those of the United States? NO

d. FAA Sec. 609

If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Accounts (counterpart) arrangements been made? N/A