

PC 2957

File

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

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D. C. 20523

PROJECT PAPER

PHILIPPINES: Technical Resources
(492-0432)

August 31, 1988

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

United States Agency For International Development

Manila Philippines

PROJECT PAPER

TECHNICAL RESOURCES PROJECT

(492-0432)

August 1988

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TECHNICAL RESOURCES PROJECT
(492-0432)

PROJECT PAPER

USAID/Philippines
August 1988

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____	DOCUMENT CODE 3
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2. COUNTRY/ENTITY Philippines	3. PROJECT NUMBER 492-0432
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4. BUREAU/OFFICE Asia and Near East <input type="checkbox"/> 04	5. PROJECT TITLE (maximum 40 characters) <input type="checkbox"/> Technical Resources
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6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 09 30 93	7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY <input type="checkbox"/> 88 B. Quarter <input type="checkbox"/> 4 C. Final FY <input type="checkbox"/> 91
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8. COSTS (\$000 OR EQUIVALENT \$1 = _____)						
A. FUNDING SOURCE	FIRST FY <u>88</u>			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	1,825	675	2,500	7,290	2,710	10,000
(Grant)	(1,825)	(675)	(2,500)	(7,290)	(2,710)	(10,000)
(Loan)	(-)	(-)	(-)	(-)	(-)	(-)
Other U.S.						
1.						
2.						
Host Country	-	330	330	-	3,335	3,335
Other Donor(s)	-	-	-	-	-	-
TOTALS	1,825	1,005	2,830	7,290	6,045	13,335

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) ARDN	290	290				2,500	-	3,750	-
(2) HE	590	590				-	-	1,250	-
(3) ESF						-	-	5,000	-
(4)						-	-	-	-
TOTALS						2,500	-	10,000	-

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	RDEV
B. Amount	2,600

13. PROJECT PURPOSE (maximum 480 characters).

To assist in identifying, analyzing, developing, implementing, monitoring and evaluating selected economic development activities in the Philippines.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 0 4 9 1 0 6 9 3	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify) _____
--	---

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

17. APPROVED BY	Signature Malcolm Butler <i>Malcolm Butler</i> Title Director, USAID/Philippines	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY 0 8 3 1 8 8
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INSTRUCTIONS

The approved Project Data Sheet summarizes basic data on the project and must provide reliable data for entry into the Country Program Data Bank (CPDB). As a general rule blocks 1 thru 16 are to be completed by the originating office or bureau. It is the responsibility of the reviewing bureau to assume that whenever the original Project Data Sheet is revised, the Project Data Sheet conforms to the revision.

Block 1 - Enter the appropriate letter code in the box, if a change, indicate the Amendment Number.

Block 2 - Enter the name of the Country, Regional or other Entity.

Block 3 - Enter the Project Number assigned by the field mission or an AID/W bureau.

Block 4 - Enter the sponsoring Bureau/Office Symbol and Code. (See Handbook 3, Appendix 5A, Table 1, Page 1 for guidance.)

Block 5 - Enter the Project Title (stay within brackets; limit to 40 characters).

Block 6 - Enter the Estimated Project Assistance Completion Date. (See AIDTO Circular A-24 dated 1/26/78, paragraph C, Page 2.)

Block 7A. - Enter the FY for the first obligation of AID funds for the project.

Block 7B. - Enter the quarter of FY for the first AID funds obligation.

Block 7C. - Enter the FY for the last AID funds obligations.

Block 8 - Enter the amounts from the 'Summary Cost Estimates' and 'Financial Table' of the Project Data Sheet.

NOTE: The L/C column must show the estimated U.S. dollars to be used for the financing of local costs by AID on the lines corresponding to AID.

Block 9 - Enter the amounts and details from the Project Data Sheet section reflecting the estimated rate of use of AID funds.

Block 9A. - Use the Alpha Code. (See Handbook 3, Appendix 5A, Table 2, Page 2 for guidance.)

Blocks 9B., C1. & C2. - See Handbook 3, Appendix 5B for guidance. The total of columns 1 and 2 of F must equal the AID appropriated funds total of 8G.

Blocks 10 and 11 - See Handbook 3, Appendix 5B for guidance.

Block 12 - Enter the codes and amounts attributable to each concern for Life of Project. (See Handbook 3, Appendix 5B, Attachment C for coding.)

Block 13 - Enter the Project Purpose as it appears in the approved PID Facesheet, or as modified during the project development and reflected in the Project Data Sheet.

Block 14 - Enter the evaluation(s) scheduled in this section.

Block 15 - Enter the information related to the procurement taken from the appropriate section of the Project Data Sheet.

Block 16 - This block is to be used with requests for the amendment of a project.

Block 17 - This block is to be signed and dated by the Authorizing Official of the originating office. The Project Data Sheet will not be reviewed if this Data Sheet is not signed and dated. Do not initial.

Block 18 - This date is to be provided by the office or bureau responsible for the processing of the document covered by this Data Sheet.

TECHNICAL RESOURCES (492-0432)

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ABBREVIATIONS USED

AID	Agency for International Development
AID/W	Agency for International Development, Washington, D.C.
BFAR	Bureau of Fisheries and Aquatic Resources
CDSS	Country Development Strategy Statement
CRSP	Collaborative Research Support Project
FY	Fiscal Year (US Government FY - Oct. 1 through Sept. 30)
GOV	Government of the Philippines
HPN	Health, Population and Nutrition
IQC	Indefinite Quantity Contract
NEDA	National Economic and Development Authority
PACD	Project Assistance Completion Date
PIDS	Philippine Institute for Development Studies
PIL	Project Implementation Letter
PIO/T	Project Implementation Orders for Technical Services
PSA	Procurement Services Agency
RDC	Regional Development Council
RIG	Regional Inspector General
USAID	Agency for International Development, Manila, Philippines

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TECHNICAL RESOURCES PROJECT
(492-0432)

PROJECT PAPER
SUMMARY AND RECOMMENDATIONS

1. Grantee: The Government of the Philippines (GOP).
2. Implementing Agency: The National Economic and Development Authority (NEDA).
3. Amount: U.S. \$10.0 million (U.S. \$2.5 million in Development Assistance Funds in FY 1988).
4. Terms: Grant from Economic Support Fund (\$5.0 million) and Development Assistance (\$5.0 million).
5. Project Purpose: To assist in identifying, analyzing, developing, implementing, monitoring and evaluating selected economic development activities in the Philippines.
6. Project Definition: The project will finance consultant services to assist the Philippine government in identifying, analyzing, developing, monitoring and evaluating selected economic development activities. The project may also finance technical assistance and related commodities required for the implementation of AID-assisted projects and programs and, to a limited extent, may finance technical assistance for other donor-assisted projects and programs.
7. Grantee Contribution: The GOP will provide a portion of the costs of total consultants contracted under the project, as well as for selected analyses and studies performed by Philippine firms/institutions.
8. Grant Request: The GOP has requested AID to finance the related costs for these services and studies.
9. Mission Views: The Mission Project Committee recommended authorization of the proposed grant.
10. Source of U.S. Funds: Economic Support Fund and Development Assistance.
11. Statutory Requirements: All statutory criteria have been met. See Project Statutory Checklist, Annex D.
12. Recommendation: Authorization of a grant of U.S. \$10.0 million.
13. Project Committee, USAID/Philippines:

PRO: William T. Oliver
PRO: Sulpicio Roco, Jr.
OD/PE: Paul R. Deuster
OD/PE: Gil Dy-Liacco
EO/CSD: Marilyn B. Buchan
EO/LOG: Thomas Z. Baranyi

ORAD: Robert W. Resseguie
OPHN: William H. Johnson
OCD/EIED: Walter H. McAleer
OCD/PDID: Patricia L. Jordan
CO: John R. Dial
RLA: Brian M. Miller

PROJECT AUTHORIZATION

Philippines

Technical Resources Project

Project No. 492-0432

1. Pursuant to Sections 103, 104(c) and 531 of the Foreign Assistance Act of 1961, as amended (the "FAA"), and in accordance with the authority delegated to me in Delegation of Authority No. 652, I hereby authorize the Technical Resources Project (the "Project") for the Republic of the Philippines (the "Cooperating Country") involving planned obligations of not to exceed \$10,000,000 in Grant funds over a four year period from the date of authorization, of which \$3,750,000 is authorized pursuant to Section 103 of the FAA, \$1,250,000 is authorized pursuant to Section 104(c) and \$5,000,000 is authorized pursuant to Section 531 of the FAA, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the Project. The planned life of the Project is approximately five years from the date of initial obligation.

2. The Project will finance consultant services to assist the Philippine Government in identifying, analyzing, developing, monitoring and evaluating selected economic development activities. The Project also may finance technical assistance and related commodities required for the implementation of A.I.D.-financed projects and programs and, to a limited extent, may finance technical assistance for other donor-assisted projects and programs.

3. The Project Agreement(s), which may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority, shall be subject to the following essential terms and conditions, together with such other terms and conditions that A.I.D. may deem appropriate:

Source and Origin of Commodities and Nationality of Services. Commodities financed by A.I.D. under the Project shall have their source and origin in the Cooperating Country or in the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the Cooperating Country or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing.

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Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

By: Malcolm Butler
Malcolm Butler
Mission Director
USAID/Philippines

Date: 31 AUG 1988

Clearances:

	<u>Initial</u>	<u>Date</u>
OCD:RJordan	(draft)	
ORAD:KPrussner	(draft)	
OPHN:WJohnson	(draft)	
OFFPVC:BGeorge	(draft)	
OD/PE:PRDeuster	(draft)	
CO:JCStanford	(draft)	
PRO:WTOliver	WJO	8/30/88
RLA:BMiller	Bm	8/30/88
OD:JSBlackton	JSS	8/30/88

I. BACKGROUND

A. PROJECT RATIONALE

In the two and a half years since the Aquino administration suddenly came to power, increased levels of official development assistance have stretched the capability of the Government of the Philippines (GOP) to quickly evaluate and respond to project ideas and to actively manage the project development process.

Discussions over the past year with officials of the National Economic and Development Authority (NEDA), the GOP's central planning agency, have highlighted the necessity for a project that will respond to limited technical assistance requirements to support the GOP's economic development program as well as provide periodic analyses of the rapidly-changing Philippine policy environment.

This project will enable NEDA and other GOP departments and agencies to meet a wide variety of unique, highly-specialized or one-time technical assistance or study requirements that would be of great value to the development process but for which financing is not provided under other USAID activities. The project's flexibility will allow for the undertaking of analyses, studies and project planning activities related to the development and implementation of U.S. economic assistance programs in the Philippines, and will also permit the provision of technical assistance inputs for other donor programs where complementarity and other pertinent criteria suggest such resources are merited.

B. RELATIONSHIP TO AID DEVELOPMENT STRATEGY

The USAID program supports GOP efforts to improve rural living standards. Important conditions to achieve this goal include a growing economy that facilitates investment in rural areas or labor intensive activities; sustained diversification and increased profitability in the agricultural sector and rural non-farm enterprises; adequate and effective basic social services; and improved natural resource management. Priority for selection of activities to be funded under the project will be given to those that support policy dialogue, private sector, and decentralization objectives. The proposed project will support all three areas through studies, analyses and project identification, development and implementation efforts.

C. HOST COUNTRY AND OTHER DONOR INVOLVEMENT

The GOP will provide a portion of the costs of local consultants contracted under the project, as well as for selected analyses and studies performed by Philippine firms and institutions. Other donors such as the World Bank, Asian Development Bank and the United Nations Development Program provide loan and grant assistance for feasibility studies, research, and analyses in a wide range of development fields and sectors.

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II. PROJECT DESCRIPTION

A. PROJECT GOAL AND PURPOSE

The goal of the Technical Resources Project is to enable the GOP to address rapidly-evolving development problems. The purpose of the project is to assist in identifying, analyzing, developing, implementing, monitoring, and evaluating selected economic development activities in the Philippines.

B. PROJECT ACTIVITIES

Effective and efficient development planning requires the provision of various kinds of specialized support by highly qualified experts who are not available to the GOP or USAID on an "in-house" basis. To address this need, the project will finance short-term and, in selected cases, long-term consultant services to assist the GOP in identifying, analyzing, developing, monitoring and evaluating selected development activities. This assistance will enable NEDA and other GOP departments and agencies to satisfy special technical assistance requirements or obtain studies of great value to the development process, but for which financing is not provided under other AID projects or programs. The project may also finance technical assistance and related commodities required for the implementation of AID-assisted projects and programs and, to a limited extent, technical assistance for other donor-assisted projects and programs, as appropriate, based on complementarity with AID's assistance program and other pertinent criteria.

Types of activities that may be funded under the project are described below, and an illustrative list of specific activities is provided in Annex G. These activity descriptions are illustrative in nature, and do not fully represent the range of activities to be completed over the course of the project. Specific project activities will be jointly prioritized and selected by NEDA and USAID, thus assuring that activities implemented under the project will continue to be consistent with the project purpose.

Major types of activities to be financed by the project include the following:

1. Policy and strategy studies. In support of the GOP's development planning efforts, the project may finance studies on macro-economic and sectoral policy issues and studies on means to enhance the effective allocation of resources for economic development of the Philippines. Included in this category of studies are research and analysis related to the formulation, implementation, monitoring and evaluation of the GOP's economic reform program, and policy and strategy analyses for the design, implementation and evaluation of U.S. economic assistance programs in the Philippines.

Illustrative examples of these studies include: industrial incentives and trade liberalization; regional impact studies; agricultural strategy development; development of nutrition, child care and related health strategies; and fiscal and financial sector policy studies.

2. Project preparation, design, feasibility and evaluation studies. In order to facilitate the preparation and design of projects funded by AID, the project may finance specialized technical or engineering assistance as required to: carry out feasibility studies; prepare final project designs; and conduct environmental and social impact assessments of proposed projects and activities. The project may also finance technical assistance to conduct strategic and sectoral evaluations of AID-assisted projects and programs.

Illustrative activities include feasibility studies for: development of a regional data network; financing private sector preventive health care; an expanded medicare system to include farmers and fishers; and assistance to improve project design and implementation capability at local levels.

3. Project implementation. The project may finance technical assistance needed to implement selected new AID-assisted development projects and programs and on-going projects and programs in connection with a redesign or amendment. The determination of the need for financing such technical assistance under this project will be made during the design or redesign of the new or on-going project or program. This determination will give due consideration to the standard practice of including financing for appropriate technical assistance in each AID development project or program. Accordingly, financing for such purposes under this project will be provided only under limited circumstances.

4. Specialized research and technical support activities. The project may finance specialized technical services on a short-term basis and related commodities, if required, to assist in carrying out research or to provide specialized advice on overcoming technical or management problems related to economic development activities.

Examples of this type of support include: technical and management assistance for the Cooperative Union of the Philippines; local government revenue generation; shrimp hatchery disease research; and integration of a child survival core in health curricula.

5. Seminars and symposia. The project may finance participation in international symposia, seminars, and similar fora to support enhanced technology transfer.

Because of the anticipated continued demand for policy analysis, project feasibility and design and program strategy development activities, USAID plans to request incremental project funding based on forecasts of demand for services, and will propose amendments to increase LOP funding as warranted.

III. FINANCIAL PLAN

A. COST ESTIMATE AND FINANCIAL PLAN

The total project cost is estimated at \$13.335 million. Project funds will be provided by AID, NEDA, and the participating GOP departments and agencies. The illustrative project budget is presented in Table 1 as the Summary of Cost Estimates and Financial Plan. Table 2 reflects the projections of expenditures by fiscal year. Table 3 shows the projection of AID grant fund expenditures by fiscal year and by project element.

1. USAID/Manila

The AID contribution is \$10.0 million (all grant) or 75 percent of the total. While most of AID's costs are expected to be foreign exchange, there will be local currency costs associated with technical assistance and evaluation services. The distribution of AID project costs over the project life are estimated to be: policy and strategy studies, 22 percent; design, feasibility and evaluation studies, 24 percent; project implementation, 25 percent; research and technical support, 26 percent; seminars and symposia, 2 percent; and evaluation/audit, 1 percent.

PLANNED YEARLY OBLIGATIONS
(\$000)

<u>FUNCTIONAL ACCOUNT</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>TOTAL</u>
ARDN	\$2,500	\$ 500	\$ 500	\$ 250	\$3,750
HEALTH	-	500	500	250	1,250
ESF	-	<u>2,000</u>	<u>2,000</u>	<u>1,000</u>	<u>5,000</u>
TOTALS	<u>\$2,500</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$1,500</u>	<u>\$10,000</u>

2. GOP

The GOP contribution to the project is estimated at \$3.335 million, or 25 percent of the total project cost. It is expected that the GOP contribution will be in kind or in local currency, principally in support of local technical assistance requirements. Beginning in the GOP's 1990 budget year and thereafter, the local currency counterpart will be provided annually through one Advice of Allotment based on annual work plans for the project. This fund will also facilitate the use of the reimbursement mechanism when grant funds are used to finance host-country contracts.

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TABLE 1
SUMMARY OF COST ESTIMATES AND FINANCIAL PLAN (ALL YEARS)
 (U.S. \$000)

<u>PROJECT ELEMENT</u>	<u>AID GRANT FX</u>	<u>LC</u>	<u>AID TOTAL</u>	<u>GOP LC</u>	<u>AID/GOP TOTAL</u>
Policy and Strategy Studies	\$1,300	\$900	\$2,200	\$735	\$2,935
Design, Feasibility and Evaluation Studies	2,000	400	2,400	800	3,200
Project Implementation	1,900	600	2,500	830	3,330
Research and Technical Support	1,950	650	2,600	900	3,500
Seminars and Symposia	140	60	200	45	245
Evaluation and Audit	-	100	100	25	125
TOTALS	<u>\$7,290</u>	<u>\$2,710</u>	<u>\$10,000</u>	<u>\$3,335</u>	<u>\$13,335</u>

TABLE 2
PROJECTIONS OF EXPENDITURES BY FISCAL YEAR*
 (U.S. \$000)

<u>FISCAL YEAR</u>	<u>AID GRANT</u>	<u>GOP</u>	<u>TOTAL</u>
1989	\$1,000	\$ 332	\$1,332
1990	2,500	834	3,334
1991	3,000	1,000	4,000
1992	2,000	669	2,669
1993	<u>1,500</u>	<u>500</u>	<u>2,000</u>
TOTALS	<u>\$10,000</u>	<u>\$3,335</u>	<u>\$13,335</u>

* As the initial obligation is projected in the fourth quarter of FY 1988, first project year to realize expenditures is estimated as FY 1989 (project year 1).

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TABLE 3

PROJECTIONS OF EXPENDITURES OF AID GRANT FUNDS
BY U.S. FISCAL YEAR AND BY PROJECT ELEMENT

(U.S. \$000)

<u>ELEMENT</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>TOTAL</u>
Policy/Strategy Studies	\$ 225	\$ 560	\$ 665	\$ 445	\$ 305	\$ 2,200
Design/Feasibility/ Evaluation Studies	300	600	720	460	320	2,400
Project Implementation	75	672	810	520	423	2,500
Research, Technical Support	375	593	710	515	407	2,600
Seminars, Symposia	15	50	65	40	30	200
Evaluation and Audit	<u>10</u>	<u>25</u>	<u>30</u>	<u>20</u>	<u>15</u>	<u>100</u>
TOTALS	<u>\$1,000</u>	<u>\$2,500</u>	<u>\$3,000</u>	<u>\$2,000</u>	<u>\$1,500</u>	<u>\$10,000</u>

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B. METHODS OF USAID FINANCING

The methods of USAID disbursement to be used are classified as follows:

1. Direct Payment: USAID may make direct payments to suppliers or contractors for goods and/or services delivered.

2. Reimbursement: Under the reimbursement method of financing, the GOP implementing agency or contractor disburses its own funds and is then reimbursed by USAID upon submission of appropriate documentation.

C. METHODS OF IMPLEMENTATION AND FINANCING OF USAID FUNDS

<u>Implementation Method</u>	<u>Financing Method</u>	<u>Amount (\$000)</u>
1. Policy and strategy studies:		\$2,200
AID direct contract	Direct payment	
Host country contract	Direct payment; reimbursement	
2. Design, feasibility and evaluation studies:		2,400
AID direct contract	Direct payment	
Host country contract	Direct payment; reimbursement	
3. Project implementation:		2,500
AID direct contract	Direct payment	
Host country contract	Direct payment; reimbursement	
4. Research and technical support:		2,600
AID direct contract	Direct payment	
Host country contract	Direct payment; reimbursement	
5. Seminars and symposia:		200
AID direct contract	Direct payment	
Host country contract	Direct payment; reimbursement	
6. Evaluation and audit:		<u>100</u>
AID direct contract	Direct payment	
TOTAL		<u>\$10,000</u>

D. FLOW OF USAID FUNDS

Once funds are obligated under the project, earmarking, commitment and disbursement will follow, depending on the project's pace of activity. Flow of USAID funds, both local and foreign currency, will be subject to standard rules and regulations, as indicated in Sections B and C above.

All foreign exchange costs under AID direct contracts or sub-project grants will be paid directly by USAID. At its option, USAID may make direct payments to suppliers/contractors under host country contracting or procurement actions, when requested by the implementing agency, or reimburse the GOP for costs paid under host country contracts.

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E. RECURRENT COSTS

The importation of a limited amount of commodities, principally computer hardware and software, will necessitate a recurrent cost obligation in the form of maintenance expenses to the GOP participating agencies. However, it is anticipated that, given the small amount of funds to be budgeted for commodities, these costs can be provided through the regular GOP budgetary process.

F. AUDITS

Primary responsibility for audits of AID-financed projects lies with the Regional Inspector General for Audit (RIG/A). However, an external auditing firm may be contracted for the purpose. In the event external audit services are used, \$50,000 has been budgeted for non-federal audit services for the mid-point and final audit reviews. It is anticipated that these reviews will cover the financial and compliance aspects of the project.

IV. IMPLEMENTATION ARRANGEMENTS

A. IMPLEMENTING ENTITIES

USAID and NEDA will execute the Project Grant Agreement. NEDA will act as the implementing agency for the project, and will coordinate with other GOP departments and agencies, Regional Development Councils, provincial and municipal government agencies, Philippine private sector organizations, and USAID in programming assistance provided under the project.

NEDA will designate the principal GOP representative for the project. USAID project management will be the responsibility of the Program Office, with the Deputy Office Chief designated as the Project Officer.

B. IMPLEMENTATION PLAN AND ARRANGEMENTS

The project will be authorized in August 1988. Execution of a Project Grant Agreement for FY 1988 funding is expected in the same month. Conditions precedent to initial disbursement should be met within 30 days of execution of the grant agreement. Sub-obligations are expected to begin in FY 1989, with disbursements shortly thereafter. The Project Activity Completion Date (PACD) is September 30, 1993.

Annually, or more often if necessary or desirable, NEDA and USAID will agree to a work plan identifying areas of mutual interest and rank-ordering proposed project activities for funding in the corresponding period. The priorities set in these work plans will be consistent with the GOP's Medium Term Philippine Development Plan and USAID's Country Development Strategy Statement (CDSS). Accordingly, preference will be given to activities that support GOP efforts to improve rural living standards, with a focus on activities that support policy implementation, private sector-led development and decentralization objectives. USAID will have responsibility for preparing drafts of periodic work plans for joint review and approval.

NEDA and USAID will also develop and jointly agree upon an overall project implementation schedule, including clearly identifiable key progress indicators. Based on this schedule, NEDA and USAID will hold periodic reviews to assess progress under the project.

No separate project management unit will be established within NEDA for this project. Overall USAID project management, including the setting of activity priorities with NEDA, the allocation of project resources, and assurance that project activities are consistent with project objectives, will be the responsibility of the Program Office. Individual USAID offices will be responsible for managing project activities that fall within their particular fields of expertise; such project management designations will be coordinated by the Program Office.

In addition to the designated USAID Project Officer, USAID project management will include the services of a Foreign Service National Project Assistant with expertise in the social sciences. The Project Officer will also draw upon assistance from other members of the USAID Project Committee as needed, including the Office of the Program Economist, Controller, and the Regional Legal Advisor.

The schedule of project implementation milestones follows.

<u>FY 88</u>	<u>Action</u>	<u>Date</u>	<u>Responsible Entity</u>
--	Authorization of project	August 1988	USAID
--	Obligation of FY 88 funds	August 1988	USAID, NEDA
--	Satisfaction of initial conditions precedent to disbursement	September 1988	NEDA, DOJ
<u>FY 89</u>			
--	Finalization of FY 89 work plan	November 1988	USAID, NEDA
--	Technical assistance, analyses, studies, seminar/symposia participation provided through AID direct and host country contracts	Throughout FY 1989	NEDA, USAID
--	Quarterly project status reviews held	January, April and July 1989	USAID
--	Finalization of FY 90 work plan	September 1989	USAID, NEDA
<u>FY 90</u>			
--	Technical assistance, analyses, studies, seminar/symposia participation provided through AID direct and host country contracts	Throughout FY 1990	NEDA, USAID
--	Quarterly project status reviews held	Oct. 89; Jan., Apr., July 90	USAID
--	Finalization of FY 91 work plan	September 1990	USAID, NEDA
<u>FY 91</u>			
--	Technical assistance, analyses, studies, seminar/symposia participation provided through AID direct and host country contracts	Throughout FY 1991	NEDA, USAID
--	Quarterly project status reviews held	Oct. 90; Jan., Apr., July 91	USAID
--	Process evaluation completed	April 1991	USAID, NEDA, Ext. Consultants
--	Finalization of FY 92 work plan	September 1991	USAID, NEDA
<u>FY 92</u>			
--	Technical assistance, analyses, studies, seminar/symposia participation provided through AID direct and host country contracts	Throughout FY 1992	NEDA, USAID
--	Quarterly project status reviews held	Oct. 91; Jan., Apr., July 92	USAID
--	Finalization of FY 93 work plan	September 1992	USAID, NEDA

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<u>FY 93</u>	<u>Action</u>	<u>Date</u>	<u>Responsible Entity</u>
--	Technical assistance, analyses, studies, seminar/symposia participation provided through AID direct and host country contracts	Throughout FY 1993	NEDA, USAID
--	Quarterly project status reviews held	Oct. 92; Jan., Apr., July 93	USAID
--	Project close-out procedures initiated	January 1993	USAID, NEDA
--	Impact evaluation and audit	June 1993	USAID, NEDA Ext. Consultants
--	Project Assistance Completion Date	September 30, 1993	

C. TECHNICAL ASSISTANCE CONTRACTING ARRANGEMENTS

Project-financed services provided by U.S. contractors will be procured under AID direct contracts. Project-financed services provided by Philippine contractors may be procured either under AID direct contracts or AID host country contracting procedures.

Consideration will be given to the establishment of local Indefinite Quantity Contract (IQC)-like arrangements and the utilization of existing AID/Washington IQCs for those technical activities that can be effectively and efficiently completed by a single consulting firm. The procedures for selecting and contracting for IQCs and IQC-like arrangements and for the issuance of work orders against these contracts will be detailed in Project Implementation Letters (PIs). Central and regionally-funded projects and buy-ins to these projects may be additional sources of services.

Project-financed services provided under AID direct contracts will be obtained through the execution of Project Implementation Orders for Technical Services (PIO/Ts). PIO/Ts for contract amounts of \$100,000 or less will be unilaterally issued by USAID, although PIO/Ts including participation in international seminars or symposia will require NEDA review and clearance. PIO/Ts for contract amounts greater than \$100,000 will be issued jointly by NEDA and USAID.

D. COMMODITIES

The project will finance the acquisition of limited amounts of commodities, such as computer hardware and related office equipment, that will directly support subproject activities funded under the project. Eligible source/origin countries for project-funded goods are the U.S. and the Philippines.

Commodities acquired from U.S. suppliers may be procured directly by AID through Procurement Services Agents (PSAs). The services of PSAs will be obtained through AID direct contracts. Shelf items available in the Philippines may be procured from Philippine suppliers subject to applicable AID regulations on shelf item procurement, as outlined in AID Handbook 1B and as detailed in Project Implementation Letters.

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• E. GRAY AMENDMENT ALERT

USAID has fully considered the potential involvement of small and/or economically and socially disadvantaged enterprises. It has determined that U.S. technical assistance required under the project will be provided through open competition, with special consideration given to firms submitting proposals that utilize the resources of small and/or disadvantaged firms. Some of the technical assistance may be obtained directly from Gray Amendment-qualifying firms which possess the required capabilities. In addition, for project evaluation and project-related commodity procurement, efforts will be made to award contracts to small and/or disadvantaged firms.

V. EVALUATION PLAN AND MONITORING

A. EVALUATION PLAN

The evaluation plan, designed to help management identify constraints to project implementation and to assess its impact, will include one process evaluation during the course of the project and a final impact assessment of the project as a whole.

The process evaluation, scheduled for April 1991, will focus on performance and implementation constraints in order to improve project management. The evaluation will investigate whether the planned activity prioritization/selection process and the proposed activities are in place; the interactions among the institutions involved in implementation; and the adequacy of the support provided. USAID staff, GOP personnel and external consultants will participate in the evaluation process.

An end-of-project impact evaluation will be conducted in June 1993. In addition, external impact assessments will be completed for any large-scale or long-term activities that may be implemented under the project.

1. Users of the Information: The primary users of the information collected under the project will be USAID/Philippines; NEDA; the GOP departments and agencies requesting the project activities; the various firms or institutions completing the activities; and other USAID country missions that are considering the development of similar projects.

2. Priority Questions: Following are the priority questions to be addressed by the project evaluations at the goal, purpose and output levels. (The project's goal, purpose and outputs are summarized in Annex C, Logical Framework.)

- To what extent have the project activities helped USAID and GOP to successfully meet development challenges?
- Is the project contributing to the identification, analysis, development, implementation, monitoring and evaluation of GOP development projects and programs?
- What specific outputs has the project produced? Have the project preparation, design and feasibility studies led to additional development projects or programs?

3. Key Indicators: The key methods used to answer the management questions outlined above will include:

- Review of project documentation.
- Key informant interviews of users of the information.
- Interviews of subproject implementors; and
- Monitoring of progress reports.

4. Host Country Participation: There is no formal evaluation unit established under the project. NEDA will have the primary responsibility for gathering the information to be used in monitoring project implementation and for the project evaluations.

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B. MONITORING

The nature of the project precludes project-wide monitoring, other than for financial programming purposes. Therefore, each project activity will build in an appropriate monitoring mechanism to ensure that timely, meaningful progress occurs. Specific project activities will be monitored by the requesting GO^p department or agency.

USAID technical offices designated as managers of specific subproject activities will also monitor these activities. Progress reviews assessing the status and rate of project implementation, involving senior USAID management, will be held quarterly.

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VI. PROJECT ANALYSES

A. ECONOMIC ANALYSIS

The Technical Resources Project aims to assist in the identification, analysis, development, implementation, monitoring and evaluation of selected GOP economic development programs and projects. The project will assist the GOP to more efficiently perform its developmental role and to utilize resources toward fulfillment of this role.

Because of the nature of project activities, it is not possible to subject the entire project or its individual technical assistance component activities to standard economic analyses. However, knowledgeable observers accept the need for such support to facilitate development. The criteria for priority activities and the selection process provide assurance that overall economic soundness and cost effectiveness will be achieved. Priority will be given to activities that support efforts to improve rural living standards, focusing on those that support policy dialogue, private sector-led development and decentralization objectives. Selected activities will have to be consistent with the GOP's Medium-Term Development Plan and USAID's Country Development Strategy Statement (CDSS). The selection process involving both NEDA and USAID management and appropriate technical offices provides assurance that the activities funded will be of high priority and cost effective.

A comparison of the budget for the project versus the flow of resources for development shows that only a miniscule improvement in the use of those resources will easily justify the project. An examination of the illustrative list of activities for which the project may fund technical expertise and related services reveals that the project could facilitate or result in:

- More effective GOP policies.
- More effective, focused GOP programs and projects.
- Reduced negative impact of projects on society and the environment.
- More efficient GOP administrative procedures; and
- Increased productivity of GOP projects.

The following discussion demonstrates that TRP is likely to achieve sufficient benefits from its various activities. The project's economic cost is computed as follows:^{1/}

	(\$ 000)
Financial Foreign Exchange (FX) Cost of Grant	<u>7,290</u>
FX Shadow Price Adjustment (20%)	1,458
Financial Local Currency (LC) Cost of Grant	2,710
GOP LC Contribution	3,335
	<u><u>\$14,793</u></u>

^{1/} Standard appraisal methodologies require exclusion of cost escalation from financial costs to estimate economic costs but the financial plan available at the time of this analysis does not contain the breakdown to meet this requirement.

Given this economic cost, the social discount rate in the Philippines is used to determine the required economic impact to justify the investment in the project. The following simplifying assumptions are used: (1) project funds are disbursed immediately upon signing of the grant agreement; (2) economic returns over a 10-year period will flow evenly beginning in Year One for each dollar invested; and (3) no new returns are attributed to the project after its completion.

Using the NEDA estimated social discount rate of 15 percent (capital recovery factor for Years One to Ten = 0.199252), the project must achieve an annual economic return valued at \$2,947,535 at 1988 prices beginning in 1989 for 10 years. Otherwise, project funds should be invested in alternative activities.

The likelihood of achieving the required level of annual benefits may be demonstrated by comparing its magnitude to the total resources going for development projects and programs. One estimate of the level of such resources is the 1988 GOP budget allocation of \$1,695 million (P35.6 billion) for economic services. The required level of project benefits represents only 0.17 percent of the latter. This may be interpreted either as necessary savings in GOP expenditures for economic services or increased GOP efficiency equivalent to an increase in such expenditures for ten years as a result of the project.

B. ADMINISTRATIVE ANALYSIS

NEDA is the GOP implementing agency for the project; the Director of the NEDA Public Investment Staff will serve as the principal representative. GOP project implementation responsibilities include review of activity proposals and formulation of annual work plans with USAID; review and clearance of FICITs above the agreed-upon level for unilateral issuance by USAID; and administration and monitoring of NEDA-implemented activities. The Public Investment Staff, comprising about 12 professionals, can handle these general coordinating and administrative tasks without additional personnel. Other GOP agencies will be responsible for the management and monitoring of activities undertaken in their respective organizations, with the NEDA Public Investment Staff playing the overall coordinating role.

The USAID Program Office has primary USAID project management responsibility. The Project Officer will be the Deputy Office Chief, who will be assisted by the USAID social science advisor, a foreign service national. The Program Office staff has had considerable experience with activities similar to those planned under the project, including responsibilities for coordinating Project Development and Support activities, managing the Training and Development Issues Project, and arranging for international symposia and seminars.

The Program Office will serve as overall USAID coordinator for the project, with individual technical offices taking responsibility for developing and monitoring activities within their respective technical areas. Support services will be provided by the offices of the Regional Legal Advisor, Contracts, Logistics, and Controller, as appropriate. As the number of contracting actions could potentially place a heavy load on the Contract Services Division, efforts will be made to minimize this load by providing an

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orderly annual program for contracting activities; by using IQCs (local and U.S.) to the extent possible; and by using AID/Washington contract services where appropriate.

C. SOCIAL SOUNDNESS ANALYSIS

Because of its subproject activity design, conventional social soundness analysis is not required of this project. Project output, whether policy-, design- or implementation-related, is expected to enhance the effectiveness of proposed or on-going development efforts. Further, AID's experience in financing similar activities indicates that these types of projects can and are being conducted successfully.

Because the project will support and improve the quality of many GOP and USAID development activities, the ultimate beneficiaries will be the target groups associated with each individual activity. GOP policymakers, public and private research institutions, project management units and policy analysts will be the direct beneficiaries of the project. Although the project's nature makes it difficult to quantify the potential impact on individual recipient institutions, intangible benefits are expected to accrue once these institutions have access to resources allowing them better bases for policy making and for the design and implementation of development projects and programs.

D. TECHNICAL ANALYSIS

Judgments on the technical feasibility of sub-activities will be made as the activities are identified and prioritized. Based on USAID's previous experience under the Training and Development Issues Project (492-0340), a project with some features similar to this project, no technical problems with the implementation of the project are anticipated.

E. ENVIRONMENTAL DETERMINATION

Pursuant to the Initial Environmental Examination (Annex F), there will be no negative environmental impact as a direct result of this project. An environmental assessment will be included as part of the scope of work for any assessment or project development study initiated under this project.

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VII. CONDITIONS PRECEDENT, COVENANTS AND WAIVERS

The following are the conditions precedent and covenants AID intends to negotiate in the Project Agreement. Their substance is not expected to change during negotiations.

A. CONDITIONS PRECEDENT

Prior to the first disbursement under the Grant, or to the issuance documentation pursuant to which disbursement will be made, the Grantee shall, except as AID may otherwise agree in writing, furnish to AID, in form and substance satisfactory to AID:

1. An opinion of counsel acceptable to AID that the Project Agreement has been duly authorized or ratified by, and executed on behalf of, the Grantee and that it constitutes a valid and legally binding obligation of the Grantee in accordance with its terms; and

2. A statement of the name of the person holding or acting in the office of the Grantee specified in the Project Agreement as the Grantee's representative, and of any additional representatives, together with a specimen signature of each person specified in such statement.

3. A statement of the name of the additional representative designated pursuant to Section 8.2 of the Project Agreement to be the principal representative of the Grantee for the purposes of implementing the Project, and a statement of said representative's authorities in respect thereto.

B. COVENANTS

The Project Grant Agreement will contain all applicable general covenants as described in AID Handbook 3. In addition, the following special covenant will be included:

Project Evaluation: AID and the GOP agree to establish an evaluation program as part of the project. Except as the parties otherwise agree in writing, the program will include, during the implementation of the project and at one or more points thereafter:

1. Evaluation of progress toward attainment of the objectives of the project.
2. Identification and evaluation of problem areas or constraints which may inhibit such attainment.
3. Assessment of how such information may be used to help overcome such problems; and
4. Evaluation, to the degree feasible, of the overall development impact of the project.

C. WAIVERS

There are no waivers contemplated at this time.

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

MANILA, PHILIPPINES

PROJECT PAPER

TECHNICAL RESOURCES PROJECT

(492-0432)

A N N E X E S

ANNEX A
GOP REQUEST FOR ASSISTANCE



REPUBLIC OF THE PHILIPPINES
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY
NEDA sa Pasig, Amber Avenue Pasig, Metro Manila

Cable Address: NEDAPHIL
P.O. Box 419, Greenhills
Tels. 673-50-31 to 50

AUG. 30 1986

Mr. Malcolm Butler
Mission Director
USAID
Magsaysay Center Bldg.
Roxas Boulevard
Manila

Attention: Mr. William Oliver
Program Office

Dear Director Butler:

We wish to convey to your Office the request of the Philippine Government for USAID assistance to finance the implementation of the proposed Technical Resources Project. To be implemented by the National Economic and Development Authority (NEDA), the proposed five-year project will finance consultancy services required to assist the Philippine Government in identifying, analyzing, developing, monitoring and evaluating selected economic development activities. In order to achieve the project's objective, a total of \$10 million in grant assistance will be required for the period 1989-1993.

We hope that the above request will merit USAID's favorable consideration.

With best wishes,

Very truly yours,

SOLITA COLLAS-MONESSO
Secretary of Socio-Economic Planning

Best Available Document

ANNEX B
PID APPROVAL MESSAGE

ACTION: AID-6 INFO: AME DOM LA ECON/1P

VICTOR120745
OC RUEHML
DE RUEHC #2649 217232L
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O 140020Z AUG 88
FM SECSTATE WASHDC
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BT
UNCLAS STATE 252849

RECEIVED

04-AUG-88

TO: 23:27
CN: 16821
CERG: AID
DIST: AID
ADD:

AUG 5 8 37 AM '88

USAID/C&R

CALL 0500102

AIDAC FOR G. IMHOFF

D.O. 12356: N/A

TAGS:
SUBJECT: TECHNICAL RESOURCES PROJECT (492-0432) -
REDELEGATION OF AUTHORITY

REF: (A) KVIKASHVILL/IMHOFF TELECONS; (B) STATE 059120
DATED 2/26/88

1. REFTEL 2, PARA. I, ISSUE 4, INDICATED THAT DURING
PROGRAM WEEK REVIEW, DECISION WAS TAKEN TO GRANT MISSION
DIRECTOR AUTHORITY TO MOVE STRAIGHT TO THE PP STAGE FROM
THE NPL STAGE FOR SELECTED PROJECTS. THIS DECISION
INCLUDES THE TECHNICAL RESOURCES PROJECT.

2. FURTHER TO THIS, IT IS UNDERSTOOD THAT THE MISSION
DIRECTOR MUST DETERMINE IF A PID IS NECESSARY. IF
DETERMINATION MADE THAT SUCH A DOCUMENT IS NOT REQUIRED,
ACTION MEMO TO MISSION DIRECTOR REQUESTING PP
AUTHORIZATION SHOULD CITE RATIONALE FOR THIS
DETERMINATION TO MOVE FROM NPL DIRECTLY TO PP. WHADE/ELAI
BT
#2649

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USE DATE		
5-8-88		

ANNEX C
LOGICAL FRAMEWORK

Best available document

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 88 to FY 93
Total U. S. Funding \$10,000,000
Date Prepared: 8/13/89

Project Title & Number: TECHNICAL RESOURCES (497-0432)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																																
<p>Program or Sector Goal: The broader objective to which this project contributes: (A-1)</p> <p>In enable the Government of the Philippines to address rapidly evolving development problems.</p>	<p>Measures of Goal Achievement: (A 2)</p> <p>Increased implementation of development oriented policy reforms.</p>	<p>(A 3)</p> <p>GDP economic and other statistics.</p>	<p>Assumptions for achieving goal targets: (A-4)</p> <p>Continued political stability. GDP economic policies continue to support private sector-led development.</p>																																
<p>Project Purpose: (B-1)</p> <p>To assist in identifying, analyzing, and formulating, implementing, monitoring and evaluating selected economic development activities in the Philippines.</p>	<p>Conditions that will indicate purpose has been achieved: End of Project status. (B 2)</p> <p>Improved implementation of selected development activities/technical problems being addressed more systematically in priority areas such as health, agriculture and natural resources; approved identification of needed policy reforms.</p>	<p>(B 3)</p> <p>Process and impact evaluations - GDP records - Consultants' reports</p>	<p>Assumptions for achieving purpose: (B-4)</p> <p>An effective system for identifying and prioritizing subproject activities is in place.</p>																																
<p>Project Outputs: (C-1)</p> <ol style="list-style-type: none"> Completed policy and strategy studies. Completed project design, feasibility and evaluation studies. Project implementation activities. Research and technical support activities. Seminar and symposia participants. 	<p>Magnitude of outputs: (C 2)</p> <p>Magnitude of outputs will depend on the number and duration of studies approved in the annual project work plans</p> <ol style="list-style-type: none"> Approximately 20 - 25 studies completed. Approximately 15 - 25 studies completed. Approximately 3 - 6 projects assisted. Approximately 25 - 30 activities completed. Approximately 40 - 70 participants in international seminars and symposia. 	<p>(C 3)</p> <ul style="list-style-type: none"> - GDP records. - Subproject progress reports. - Consultants' periodic reports. 	<p>Assumptions for achieving outputs: (C-4)</p> <ul style="list-style-type: none"> - GDP and AID agree on criteria for prioritizing subproject activities. - GDP and AID jointly develop and agree to annual work plans. - GDP capable of monitoring subproject activities. 																																
<p>Project Inputs: (D-1)</p> <p>Technical assistance for the following:</p> <ol style="list-style-type: none"> Policy and strategy studies. Design, feasibility and evaluation studies. Project implementation. Research and technical support. Seminars and symposia. Evaluation and audit services. <p>TOTALS</p>	<p>Implementation Target (Type and Quantity) (D 2)</p> <p>(\$000)</p> <table border="1"> <thead> <tr> <th></th> <th>AID GRANT</th> <th>GDP</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>1. Policy and strategy studies</td> <td>\$2,200</td> <td>\$735</td> <td>\$2,935</td> </tr> <tr> <td>2. Design, feasibility and evaluation studies</td> <td>2,400</td> <td>800</td> <td>3,200</td> </tr> <tr> <td>3. Project implementation</td> <td>2,500</td> <td>830</td> <td>3,330</td> </tr> <tr> <td>4. Research and technical support</td> <td>2,600</td> <td>900</td> <td>3,500</td> </tr> <tr> <td>5. Seminars and symposia</td> <td>200</td> <td>45</td> <td>245</td> </tr> <tr> <td>6. Evaluation and audit services</td> <td>100</td> <td>25</td> <td>125</td> </tr> <tr> <td>TOTALS</td> <td>\$10,000</td> <td>\$3,335</td> <td>\$13,335</td> </tr> </tbody> </table>		AID GRANT	GDP	TOTAL	1. Policy and strategy studies	\$2,200	\$735	\$2,935	2. Design, feasibility and evaluation studies	2,400	800	3,200	3. Project implementation	2,500	830	3,330	4. Research and technical support	2,600	900	3,500	5. Seminars and symposia	200	45	245	6. Evaluation and audit services	100	25	125	TOTALS	\$10,000	\$3,335	\$13,335	<p>(D 3)</p> <ul style="list-style-type: none"> - AID/GDP Project Grant Agreement - Technical assistance contracts - Commodity procurement contracts 	<p>Assumptions for providing inputs: (D-4)</p> <ul style="list-style-type: none"> - GDP counterpart funding is made available at the levels indicated. - Availability of DA and ESF funds from AID
	AID GRANT	GDP	TOTAL																																
1. Policy and strategy studies	\$2,200	\$735	\$2,935																																
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TOTALS	\$10,000	\$3,335	\$13,335																																

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1/11/89

ANNEX D
STATUTORY CHECKLIST

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5C(2) - PROJECT 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(1) applies to all projects funded with Development Assistance; B(2) applies to projects funded with Development Assistance loans; and B(3) applies to projects funded from ESF.

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

(a) Yes. The Country Checklist is in Annex D of the Privatization Project (492-0428), which was authorized May 8, 1988.

A. GENERAL CRITERIA FOR PROJECT

(b) Yes.

1. FY 1988 Continuing Resolution Sec. 523; FAA Sec. 634A. If money is sought to 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?

Yes. The Congress is being notified in August 1992. Obligation will take place once the waiting period has passed without objection.

2. FAA Sec. 611(a)(1). Prior to an obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

(a) Yes.
(b) Yes.

3. FAA Sec. 611(a)(2). If legislative action is required within recipient country, 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

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4. FAA Sec. 611(b); FY 1988 Continuing Resolution 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
5. 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
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. No.
7. FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to:
(a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of 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.
(a) Studies on trade liberalization will be included.
(b) Assistance for studies to encourage private-sector led economic growth will be included.
(c) Project may include studies or advisory services to support cooperatives.
(d) N/A; (e) Technical expertise and ancillary services will fund agriculture, industry and commerce studies; (f) N/A
8. 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). 8. U.S. technical assistance will be sought for a large portion of the technical assistance.
9. FAA Secs. 612(b), 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars. 9. The GOP will provide at least 25% of project costs for which counterpart is required.
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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? No.
11. FY 1988 Continuing Resolution Sec. 521. 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? No.
12. FY 1988 Continuing Resolution Sec. 553. 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 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 in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel? Although the project contemplates financing feasibility studies, prefeasibility studies and project profiles, these project activities will be selected to ensure that they will not be used for the potential investment in or assist in the establishment of such facilities.
13. FAA Sec. 119(c)(4)-(6). 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? (a) Yes, namely the natural resource activities. (b) No. (c) No. (d) No.

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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 (either dollars or local currency generated therefrom)? N/A
15. FY 1988 Continuing Resolution. 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? N/A
16. FY Continuing Resolution Sec. 541. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.? N/A
17. FY 1988 Continuing Resolution Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has prior approval of the Appropriations Committees of Congress been obtained? N/A
18. FY Continuing Resolution Sec. 515. If deob/reob authority is sought to be exercised in the provision of assistance, are the funds being obligated for the same general purpose, and for countries within the same general region as originally obligated, and have the Appropriations Committees of both Houses of Congress been properly notified? N/A
19. State Authorization Sec. 139 (as interpreted by conference report). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision). Requirement will be met within required time period.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

- a. FY 1988 Continuing Resolution Sec. 552 (as interpreted by conference report). 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 (a) 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 (b) in support of research that is intended primarily to benefit U.S. producers?
- Although the project contemplates financing agricultural development activities, activities will be selected to ensure that they are not specifically and principally designed to promote host country exports leading to direct competition with similar U.S. grown or produced exports.
- b. FAA Secs. 102(b), 111, 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
- (a) The project supports the GOP and AID goal of improving rural incomes. Assistance will be included for studies supporting decentralization and regional planning.
(b) Studies supporting cooperative efforts will be included in the project.
(c) Studies or assistance for strengthening community reforestation and similar activities are included in the project.
(d) Activities to be supported by the project will support increased rural incomes, including those of women.
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insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life, and otherwise 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.

- c. FAA Secs. 103, 103A, 104, 105, 106, 120-21. Does the project fit the criteria for the source of funds (functional account) being used? Yes.
- d. FAA Sec. 107. Is emphasis placed on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? N/A
- e. FAA Secs. 110, 124(d). Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? Yes. The GOP will provide at least 25% of project costs for which counterpart is required.
- f. 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? Yes.

- g. FAA Sec. 281(b). Describe extent to which program 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 civil education and training in skills required for effective participation in governmental processes essential to self-government. Activities to be included in the project address priority development goals of the GOP. Local officials and consultants will be involved in implementation, monitoring and design activities.
- h. FY 1988 Continuing Resolution Sec. 538. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions? No.
- 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.
- 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.
- i. FY 1988 Continuing Resolution. Is the assistance being made available to any organization or program which has been determined to support or participate in the management of a program of coercive abortion or involuntary sterilization? No.
- If assistance is from the population functional account, are any of the funds to be made available to voluntary family planning projects which do not offer, either directly or through referral to or information about access to, a broad range of family planning methods and services? N/A

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- j. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.
- k. FY 1988 Continuing Resolution. What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 20 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)? Every effort will be made to identify qualified 8(a) firms to participate in consulting services sourced in the U.S., particularly for project evaluation.
- l. FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (a) stress the importance of conserving and sustainably managing forest resources; (b) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (c) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (e) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared Yes.
(a)-(j) No, although project may include activities related to the improved use and conservation of forest resources.
(k) Yes.

or degraded; (f) conserve forested watersheds and rehabilitate those which have been deforested; (g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (h) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (i) 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; (j) seek to increase the awareness of U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k) utilize the resources and abilities of all relevant U.S. government agencies?

- m. FAA Sec. 118(c)(13). If the assistance will support a program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species), will the program or project (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b) take full account of the environmental impacts of the proposed activities on biological diversity?

N/A

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- n. FAA Sec. 118(c)(14). Will assistance be used for (a) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; or (b) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas? No.
- o. FAA Sec. 118(c)(15). Will assistance be used for (a) activities which would result in the conversion of forest lands to the rearing of livestock; (b) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands; (c) the colonization of forest lands; or (d) the construction of dams or other water control structures which flood relatively undegraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development? No.
- p. FY 1988 Continuing Resolution If assistance will come from the Sub-Saharan Africa DA account, is it (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) being provided in N/A

accordance with the policies contained in section 102 of the FAA; (c) being provided, when consistent with the objectives of such assistance, through African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (d) being used to help overcome shorter-term constraints to long-term development, to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (e) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

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2. Development Assistance Project Criteria
(Loans Only)

- a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest. N/A
- b. 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
- c. FY 1988 Continuing Resolution. If for a loan to a private sector institution from funds made available to carry out the provisions of FAA Sections 103 through 106, will loan be provided, to the maximum extent practicable, at or near the prevailing interest rate paid on Treasury obligations of similar maturity at the time of obligating such funds? N/A
- d. 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

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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(e). Will this assistance be used for military or paramilitary purposes? No.
- c. 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? N/A

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5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. PROCUREMENT

1. FAA Sec. 602(a). Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes.
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him? Eligible source/origin countries for project-funded goods are the U.S and the Philippines.
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? N/A
4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) N/A
5. FAA Sec. 604(c). 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 N/A

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.)

6. FAA Sec. 603. Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates? No.
7. 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? Yes.
8. 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.
9. FY 1988 Continuing Resolution 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.
10. FY 1988 Continuing Resolution Sec. 524. If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)? Yes.

B. CONSTRUCTION

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used? N/A
2. 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
3. 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 CP), or does assistance have the express approval of Congress? N/A

C. OTHER RESTRICTIONS

1. FAA Sec. 122(b). If development loan repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter? N/A
2. 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? N/A
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes.

4. Will arrangements preclude use of financing:

- a. FAA Sec. 104(f); FY 1987 Continuing Resolution Secs. 525, 538. (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; or (4) to lobby for abortion? (1)-(4) Yes.

- b. FAA Sec. 483. To make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? Yes.

- c. FAA Sec. 620(c). 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.

- d. FAA Sec. 660. To provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes.

- e. FAA Sec. 602. For CIA activities? Yes.

- f. FAA Sec. 626(a). 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.

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- g. FY 1988 Continuing Resolution Sec. 503. To pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? Yes.
- h. FY 1988 Continuing Resolution Sec. 505. To pay U.N. assessments, arrearages or dues? Yes.
- i. FY 1988 Continuing Resolution Sec. 506. To carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? Yes.
- j. FY 1988 Continuing Resolution Sec. 510. To finance the export of nuclear equipment, fuel, or technology? Yes.
- k. FY 1988 Continuing Resolution Sec. 511. 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.
- l. FY 1988 Continuing Resolution Sec. 516; State Authorization Sec. 109. To 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? Yes.

ANNEX E
GRAY AMENDMENT CERTIFICATION

ANNEX E

CERTIFICATION PURSUANT TO UTILIZATION OF GRAY AMENDMENT ORGANIZATION

I, MALCOLM BUTLER, Director of the Agency for International Development in the Philippines, having taken into account the potential involvement of small and/or economically and socially disadvantaged enterprises, do hereby certify that should technical assistance be required from the U.S., every effort will be made to identify a small or disadvantaged firm to provide the assistance. It is planned that this will include a portion of the accounting and auditing services to be procured. Furthermore, for the scheduled external evaluations, joint efforts involving both local expertise and Gray Amendment-satisfying organizations are anticipated. My judgment is based on the recommendations of the Project and Mission Review Committees.



MALCOLM BUTLER
Director, USAID/Philippines

31 August 1988

Date

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ANNEX F
Initial Environmental Examination

MEMORANDUM

TO: Mr. Thomas Reese, DAA/ANE
FROM: Malcolm Butler, Director, USAID/Philippines
SUBJECT: Initial Environmental Examination

Date:

Project Location: Republic of the Philippines

Project Title: Technical Resources
Project No. 492-0432

A.I.D. Funding (Fiscal Year and Amount):

FY 1988 Grant	\$2.5 million
Future Year Grants	7.5 million

Life of Project: Five years following signing of the Grant Agreement.

IEE Prepared by: Jerry P. Bisson, Mission Environmental Officer.

Environmental Action Recommended: Negative determination.

Approved: Malcolm Butler
Director

Date: 31 August 1988

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Contents of Initial Environmental Examination:

I. Examination of Nature, Scope and Magnitude of Environmental Impacts

A. Description of Project

The purpose of this project is to assist the Government of the Philippines in the identification, analysis, development, implementation, monitoring and evaluation of selected economic development projects and programs. Minor amounts of money are also used to finance pre-implementation actions for other A.I.D. projects.

B. Identification and Evaluation of Environmental Impacts

As described in the Rules and Regulations, 216.2, Vol. 41, No: 127, June 30, 1976, Federal Register, "Not every A.I.D. activity... will be a major action significantly affecting the human environment for purposes of these procedures. For example, the following general classes of activities will not normally require the filing of an Environmental Impact Statement or the preparation of an Environmental Analysis:

1. Education or training programs not designed to result in activities directly affecting the environment.
2. Controlled experimentation exclusively for the purpose of research which is confined to small areas and carefully monitored.
3. Analyses, studies, academic or investigative research, workshops and meetings.
4. Projects where A.I.D. is a minor donor to a multi-donor project and there are no potential effects upon the environment of the U.S. or areas outside the nation's jurisdiction.
5. Document and information transfers."

Since this project fits into areas 2 or 3 above, according to the activities expected to be carried out under this project, the requirement for an environmental impact statement or an environmental assessment does not apply at this time. An initial environmental examination and threshold decision to this effect is attached.

C. Activities

Should individual activities to be funded from this project appear likely to have an impact on the environment, the Mission Environmental Officer will prepare an assessment in accordance with applicable regulations.

II. Recommendation:

This project should receive a "Negative Determination" because its likelihood of having any significant deleterious impact on the environment will be negligible. Therefore, no further analysis is required at this time.

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IMPACT IDENTIFICATION AND EVALUATION FORM

Impact
Identification
and
Evaluation 2/

Impact Areas and Sub-Areas 1/

A. Land Use

1. Changing the Character of the Land Through:

a. Increasing the Population _____ N

b. Extracting Natural Resources _____ N

c. Land Clearing _____ N

d. Changing Soil Character _____ N

2. Altering Natural Defenses _____ N

3. Foreclosing Important Uses _____ N

4. Jeopardizing Man or His Works _____ N

5. Other Factors _____

B. Water Quality

1. Physical State of Water _____ N

2. Chemical and Biological States _____ N

3. Ecological Balance _____ N

4. Other Factors _____

1/ See Explanatory Notes for this form.

2/ Use the following symbols: N - No environmental impact.
L - Little environmental impact.
M - Moderate environmental impact
H - High environmental impact.
U - Unknown environmental impact.

IMPACT IDENTIFICATION AND EVALUATION FORM

C. Atmospheric

- | | | |
|--------------------|-------|---|
| 1. Air Additives | _____ | N |
| 2. Air Pollution | _____ | N |
| 3. Noise Pollution | _____ | N |
| 4. Other Factors | _____ | |
| _____ | _____ | N |
| _____ | _____ | N |

D. Natural Resources

- | | | |
|---|-------|---|
| 1. Diversion, Altered Use of Water | _____ | N |
| 2. Irreversible, Inefficient Commitment | _____ | N |
| 3. Other Factors | _____ | |
| _____ | _____ | |
| _____ | _____ | |

E. Cultural

- | | | |
|------------------------------------|-------|---|
| 1. Altering Physical Symbols | _____ | N |
| 2. Dilution of Cultural Traditions | _____ | N |
| 3. Other Factors | _____ | |
| _____ | _____ | |
| _____ | _____ | |

F. Socio-Economic

- | | | |
|---|-------|---|
| 1. Changes in Economic/Employment
Patterns | _____ | N |
| 2. Changes in Population | _____ | N |
| 3. Changes in Cultural Patterns | _____ | N |

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IMPACT IDENTIFICATION AND EVALUATION FORM

4. Other Factors

_____	_____
_____	_____

G. Health

1. Changing a Natural Environment

_____ N

2. Eliminating an Ecosystem Element

_____ N

3. Other Factors

_____	_____
_____	_____

H. General

1. International Impacts

_____ N

2. Controversial Impacts

_____ N

3. Larger Program Impacts

_____ N

4. Other Factors

_____	_____
_____	_____

I. Other Possible Impacts (Not Listed Above)

_____	_____
_____	_____
_____	_____

ANNEX G

Illustrative Project Activities

ILLUSTRATIVE PROJECT ACTIVITIES

1. Industrial Incentives/Trade Liberalization Policy Studies

The objective of this activity would be to prepare a series of short policy-oriented papers dealing with issues in industrial incentives and trade liberalization, key elements of the GOP economic reform program. Policy papers would be on such topics as the impacts of trade liberalization and investment incentives, competitiveness of the exchange rate, and incentives for small- and medium-sized enterprises. The estimated budget for this activity is \$150,000.

2. Regional Impact Studies

There have been several requests to prepare short studies on the impact of national policies and macroeconomic developments in selected regions.

To better prepare strategies, design projects and programs, and engage in policy discussions, more information is needed about the dynamics of regional economies and the impacts of various policies and developments. Region-oriented studies would focus on the impact of specific national policies and intervention possibilities, and would include action recommendations. General economic developments in the rural areas would also be tracked. The estimated budget for this activity is \$200,000.

3. Public Finance and Fiscal Policy Studies

This activity would focus on the preparation of short studies and related activities in public finance and fiscal policies.

As the GOP is expected to continue to experience medium-term financial difficulties, studies in public finance and fiscal policies are appropriate to determine improved approaches toward GOP financial stability and fiscal responsibility. Studies to be undertaken would include the revenue performance of the tax system; institutional and administrative reform of the tax collection system and of local government finance; savings performance of public sector enterprises; streamlining of government operations; efficiency of government expenditures; and fiscal policy and stabilization policies.

The estimated budget for this activity is \$150,000.

4. Financial Sector and Monetary Policy Studies

This activity would prepare short studies on financial sector and monetary policies. Possible study topics include monitoring of financial sector liberalization and its impacts; effects of financial liberalization

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on savings and investment; Central Bank policies and regulations in relation to capital market performance; financial intermediation; rural financial markets; informal credit markets; and the demand for and supply of credit.

The estimated budget for this activity is \$200,000.

5. Agriculture Sector Strategy Development

The purpose of this activity would be to finance studies for the development of agriculture policy and sector strategies.

Given the recent political and economic changes that have and continue to take place in the Philippines and USAID's plan to issue a revised country development statement for the 1990s, there is a need to review and study the broader development issues as they relate to rural and agricultural development. Specific topics that may be addressed include the process of decentralization and the impact of regional and provincial planning systems; current trends in agricultural technology; and how USAID projects might best complement the assistance portfolios of other donors.

The estimated budget for this activity is \$240,000.

6. Development of National Health Care Strategies

This activity would support the development of improved national health care strategies.

A number of health interventions in the Philippines involve a large number of disparate groups. There is often an insufficient "critical mass" to plan national health strategies, so that the programs which result represent the programs and capacities of various organizations but overlook critical health issues of national importance. Technical assistance in working with one health care group as well as outreach activities to other resource groups could be a catalyst to improved national health care strategies.

The estimated budget for this activity is \$150,000.

7. Regional Data Network for Development Planning

The purpose of this activity would be to develop a computer-aided regional data base for the coordination and integration of local, provincial and regional development planning, implementation and evaluation data.

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Technical assistance would be provided for the preparation of a feasibility study and, if warranted, a pilot test of the system in one region of the country. The estimated budget for this activity is \$500,000.

8. Financing Private Sector Preventive Health Care

This activity would provide technical and related assistance to assess the feasibility of providing GOP support for private sector preventive health care, develop a plan for a pilot test and provide recommendations for future activities.

More than half of health personnel and two-thirds of health expenditures are in the private health care sector. The private sector represents an underutilized resource capable of major contributions in preventive care, such as immunizations, oral rehydration and respiratory infections. Utilizing the private health care sector for the expansion of preventive services would allow the rapid mobilization of resources with only marginal costs to the GOP. However, a system is needed to ensure the quality of participating private health care providers and the types of preventive services for which GOP financing might be provided. The estimated budget for this activity is \$150,000.

9. Development of Medicare Phase II

The objective of this activity would be to provide technical and related assistance to develop an expanded concept of Medicare, a pilot test plan and recommendations for a viable program for legislative action.

The Medicare system currently provides coverage to salaried employees in the GOP and the private sector. The Medicare Board is interested in extending coverage to include self-employed farmers, fishermen and salaried but partially-employed workers not covered under the current program.

The estimated budget for this activity is \$150,000.

10. Natural Resources Transition Activities

This activity would provide technical assistance to assist the Department of Environment and Natural Resources (DENR) in specific activities related to its transformation from a regulatory to a development agency.

As a development agency, DENR is concerned with promoting the adoption of ecologically-and economically-sound agroforestry production techniques among upland farmers, and ensuring an equitable distribution of benefits

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from the country's forest resources. DENR requires technical assistance to develop and test new natural resource development approaches; project development and design of projects promoting natural regeneration and timberstand improvement reforestation methods; and the installation of remote sensing systems and applications.

The estimated budget for this activity is \$700,000.

11. Review of the ESF-Financed Infrastructure Program

The purpose of this activity would be to assess the accomplishments of ongoing ESF-financed infrastructure projects and to use the resulting information to determine future ESF-related infrastructure development strategies. The activity would evaluate individual project accomplishments and problems as well as program-wide issues and opportunities. The estimated budget for this activity is \$50,000.

12. Agricultural Research Monitoring

This activity would finance the services of an agricultural research advisor to monitor ongoing AID-funded research and to work with the GOP in the development and evaluation of new agricultural research activities.

USAID currently has an active research portfolio of approximately \$3.0 million; approved but not yet implemented research activities will add an additional \$3.0 million. There is a critical need to work closely with concerned GOP offices to ensure that research activities are effectively implemented by the Philippine agencies with which USAID works, but there are currently no personnel available to devote adequate time to agricultural research efforts. This activity would fund a Joint Career Corps Agricultural Research Technician to work with USAID and the GOP to monitor and develop agricultural research activities.

The estimated budget for this activity is \$300,000.

13. Integration of Child Survival Core into Health Curricula

To provide medium-term technical assistance to work with existing resources in the Department of Health, the professional associations such as the Philippine Pediatric Society, and the schools involved, to develop curricula for training health professionals.

The child survival approach, which focuses resources on child survival interventions with the highest expected levels of mortality reduction, is a relatively new approach for schools of public health, medicine and nursing. New technologies have been developed for combating child mortality due to vaccine-preventable and diarrheal diseases, and

strategies for the reduction of respiratory diseases and nutritional problems are emerging. Although the technologies are incrementally working their way into the specialized literature, a more concentrated infusion of a child survival course into training schools for health professionals would be useful.

The estimated budget for this activity is \$450,000.

14. Research into Philippine Shrimp Hatchery Disease

This activity would provide technical assistance to address shrimp disease problems.

The Philippine Department of Agriculture and Food's Bureau of Fisheries and Aquatic Resources (BFAR) has requested assistance to address a shrimp hatchery disease problem. No funding sources are available within BFAR to address unforeseen problems such as this disease, nor is BFAR associated with any donor project that could provide assistance.

The estimated budget for this activity is \$30,000.

15. Local Government Revenue Generation

Short-term technical assistance and studies to support local revenue generation efforts would be financed under this activity.

Increased local revenue is an important component of successful decentralization and local autonomy efforts. USAID has provided support to the Department of Finance and local government units to increase local revenue from real property taxes and other local taxes. Studies and technical assistance under this activity would include: investigating the effectiveness of real property tax assessment efforts; improving efficient collection systems; developing standardized computer hardware and software for the revenue records of local government units; and identifying regulations and procedures that impede local revenue generation. The estimated budget for this activity is \$200,000.

16. Support to the Cooperative Union of the Philippines

This activity would provide short-term technical assistance and training to strengthen the Cooperative Union of the Philippines (CUP).

Since the 1986 revolution, Philippine cooperative organizations have been working together to strengthen the cooperative movement, and the Cooperative Union of the Philippines has emerged as the leader of this movement. Technical assistance and training would be provided to strengthen CUP as well as regional and provincial cooperative unions, through the development of model bylaws and accounting and management systems.

The estimated budget for this activity is \$500,000.

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17. Natural Resources Management Systems

This activity would finance technical assistance in the improvement of financial and contract management procedures.

The Department of Environment and Natural Resources (DENR) recently received a \$120 million forestry loan from the Asian Development Bank to finance contract reforestation efforts. However, DENR's capability to invest and manage these funds effectively needs to be strengthened. Technical assistance under this activity would provide hands-on training for DENR personnel in competing, awarding and managing contracts for reforestation and agroforestry development.

In addition, the activity would provide technical assistance to six key DENR regions to improve financial management procedures, through the preparation of financial management resource manuals and the installation or improvement of data processing equipment. Related training would be provided for DENR staff.

The estimated budget for this activity is \$800,000.

18. Fish Research and Survey Activities

A group of marine fisheries scientists have been pursuing research and survey activities for several years to determine fish populations and movements in Philippine waters. Some of this research and survey work has been accomplished with AID bilateral and central project funding.

Several of these scientists have recently been invited to participate in and present papers at two international workshops, one each in Canada and Australia. There are no GOP programs to fund this type of participation, and these individuals are not associated with any donor projects that could fund their travel and expenses. The estimated budget for this activity is \$5,000.