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GUIDANCE FOR ENHANCED PEACE CORPS/AID
FIELD COLLABORATION

Fast Disbursing AID Funding Mechanisms

FINAL

~~PPC~~:PPC/PB:LFloyd:5/25/82
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Fast Disbursing AID Funding Mechanisms

Introduction

Many factors contribute to the success or failure of development project: available infrastructure, replicability, locally available material, cultural acceptability, adequate financial resources, local level implementation capability, and so on. These various needs increase the justification for intensified Peace Corps/AID collaboration. Professional, well-planned timely joint efforts can greatly enhance the development impact of both agencies.

Development occurs in ~~stages~~. Therefore, it is to be expected that growing pains have and will emerge as a result of two agencies as diverse in structure as AID and Peace Corps pursuing mutual development initiatives. While each agency makes unique contributions to development which are important to preserve, mutual goals can be achieved without compromising the integrity of either agency. In their May 1981 guidance (STATE 091279) to all AID Mission Directors and all Peace Corps Country Directors, Peace Corps Director Ruppe and AID Administrator McPherson provided the philosophical framework for increased AID/Peace Corps collaboration: "It is our intent to mold our resources together whenever appropriate. Some such efforts have been initiated by our predecessors, and we intend to encourage common programs more strongly. This emphasis is particularly important in a time of stringent budgetary and

personnel constraints." Although problems have been encountered in AID/Peace Corps collaboration, reports from the field indicate that the potential for fruitful cooperation clearly outweighs the problems encountered.

Significant achievements have been made to date. More effort has been directed toward examining the size and scope of Peace Corps/AID collaboration. Increased attention is being paid to how Peace Corps/AID collaboration can be enhanced based on experiences thus far.

A summary of existing and planned joint program activities was compiled based on field response to STATE 091279. The amount of collaborative field activity is substantial. Through FY 1982, AID and Peace Corps had collaborated in 30 countries, involving some 110 projects and 995 "volunteer years." In FY 1983 alone, such collaboration will take place in 30 countries involving 40 projects and 726 "volunteer years." During FY 1980-81 AID collaborated with Peace Corps in seven sectors involving mutual initiatives in: food/nutrition, health/water, skills training, income generation, housing, energy/conservation, and community service. In addition to Mission-funded joint activities, centrally-funded projects in energy, forestry, fisheries, and disaster preparedness which focus on increasing the capacity of both agencies to program joint field activities in these sectors have been initiated or are under consideration.

In the course of the past year of Peace Corps/AID collaboration we have identified several mechanisms which could make small amounts of money available to PCVs and/or their host-country sponsoring agencies for community-level development efforts which hold promise for becoming self-sustaining. These efforts would be in areas of mutual interest to AID and PC such as energy, forestry, fisheries, small enterprises, etc. Reports from several field offices indicate that a funding mechanism which is flexible and permits a rapid response is an important part of collaborative PC/AID work.

Peace Corps Fellows, while on temporary assignment to AID, have contributed significantly to the identification of specific mechanisms displaying potential for field collaboration. They recommend increased emphasis on the further use of so-called "quick-money" or fast disbursing programming mechanisms such as (SDA) Special Development Activity, (AIP) Accelerated Impact Program, and (IRT) Improved Rural Technology. The fast-disbursing mechanisms are programming models which fall outside the standard bilateral AID projects (with design, review, and approval procedures as defined in AID Handbook 3, Chapters 3-5) given to a host government agency. These models have significant potential to facilitate PC/AID field level collaboration because of their relative speed, simplicity, and local level of development focus.

The purpose of this guidance is: 1) to illustrate the potential for increased effectiveness of fast funding mechanisms, 2) to clarify issues incumbering their effectiveness, 3) to clarify the process of application and implementation. The mechanisms reviewed are:

1. Special Development Activity
2. Improved Rural Technology - Africa
3. Accelerated Impact Program - Africa
4. Accelerated Impact Program - Asia
5. Operational Program Grants

More can be done to enhance PC/AID collaboration and the effectiveness of the fast funding mechanisms presently implemented at the field level. In this section major issues incumbering fast disbursing collaborative efforts are identified and recommendations for improvement from various field representatives are presented.

1. Communication

There is a strong need for the establishment of better written and verbal field communication. Regular formal and informal meetings between AID and Peace Corps including PCVs would develop more confidence in collective expertise, talents, and skills as a result of collaboration.

- Peace Corps should ensure that AID Mission Directors receive an orientation to (CMP) Country Management Plan (equivalent to the AID ABS), PC programming, and Volunteer delivery systems.

- Both Peace Corps and AID should make better use of the experience and expertise of Peace Corps Volunteers for the planning of new projects by involving PCVs in the design of AID projects.
- Peace Corps should make better use of AID policy documents, sectoral and country strategies and technical expertise. Peace Corps staff should be encouraged to participate in AID policy level and operational discussions of these documents.

If the effectiveness of fast disbursing mechanisms is to be increased, AID/Peace Corps dialogue is an essential ingredient in the early stages of the project design process. Little beyond ad hoc cooperation is likely to develop unless AID involves Peace Corps at the early stages of ~~pro~~ project design. Clear communication at the project identification stage, and throughout the design process can prevent implementation problems at a later date.

2. Project Timing

In addition to clear communication between the Peace Corps Director (PCD), the AID Mission Director, and AID Project Manager, it is necessary that the PCD, P.C. Regional staff and the P.C. Office of Placement be in close contact in order to identify as early as possible any problems in filling volunteer requests. Unexpected problems filling volunteer requests can delay the PCV's arrival and thus delay project start-up.

Peace Corps and AID field staff experienced with fast funding

mechanisms suggest that no volunteer arrive on the project site for at least six months after the proposed date of funding. The PCVs should not begin stateside training until the Project Agreement has been signed for their respective project by both countries, the waivers have been obtained as needed, materials and equipment are in place, and AID technicians are in place or a firm ETA established.

In the past, some projects have been delayed due to the late arrival of PCVs and some PCVs arrived early only to be idle for several months. These unfortunate events can be prevented by more frequent contact between counterparts within the two agencies at all stages in the project design cycle.

3. Project Planning

Not every project is appropriate for collaboration and utilization of the fast funding mechanisms. The projects must be carefully selected and contain a degree of high priority to alleviate problems of fund cutting. The projects must be of mutual agency benefit and beneficial to the host country.

Certain relevant questions must be answered during the project planning process:

- a) What kinds of PCVs are needed? (pretraining skills)
- b) How many PCVs will be needed?
- c) Where will they be placed?
- d) How much support will the host country agency provide?
(PCV housing, work related transportation)

- e) What support will AID provide? (project support, counterpart training, project related PCV technical training, PCV technical supervision)
- f) What support will Peace Corps provide? (volunteer recruitment, generalist training, administrative supervision)

4. Training Costs

Peace Corps provides training for its PCVs related to their expected assignments, but often it would be beneficial to include the counterparts in such training programs. However, Peace Corps is not permitted to fund their participation. We recommend that AID provide funding for counterparts.

It is also suggested that funds from AID should be provided for the training of PCVs in collaborative projects when:

- a) Special skills are required to carry out the project that the normal PCV would not have. Because of differences between PCV experience and education and the fact that AID projects require some additional technical expertise, volunteers would need a comprehensive training program.
- b) Generalist volunteers are being used for the project and may not have the background to carry out the job.

S.D.A. Summary Description

The Special Development Activity Authority is also known as Special Activity Fund, Selected Development Activities, Ambassador's Self-help Fund, Selected Development Assistance Fund.

(See Annex I, Manual Order 1323.1.1.) The purpose of the SDA is to finance quickly, and with a minimum of procedural red tape, small "self-help" activities which will have immediate impact in the host country.

SDA was started in four Latin America Missions on a pilot basis in 1963 at a funding level of \$50,000 per country. As a result of productive experience, the authority was extended to eleven additional Latin America Missions. By early FY 1965 similar authority was extended to all countries in Africa. Administering authority is delegated to AID Mission Directors in Latin America and Ambassadors in Africa.

The total funding level of \$50,000 per country may be exceeded if approved by AID/W. The maximum grant size per project is \$5,000 in LAC and \$10,000 in Africa. The average SDA project size is \$5,000. There are no specified maximum time lengths for projects, but completion is expected to be from 6-12 months of start up date.

Funding is normally allocated for commodity procurement. Financing for short-term training and personal services are possible in special cases when Mission approval is granted. Vehicle purchases are strongly discouraged.

SDA Approval Process

1. The proposers submit a 2-3 page application developed by local Missions and Embassies.
2. The local AID/Embassy committee reviews and approves/disapproves based on the following grant selection criteria:
 - a. Project consists of a small local development activity with immediate impact.
 - b. Project will assist segments of the local population which are beyond the direct reach of other AID projects or government financial support.
 - c. Project deals with a local entity, group or community at the cantonal or lower level.
 - d. Project is in the area of agriculture, education, health, transportation and/or is a productive income generating activity.
 - e. Project will have a maximum implementation period of six months.
 - f. No more than one half of the total project cost will be financed by the SDA.
 - g. The SDA contribution is in the area of \$5,000.00 or less.
 - h. The community counterpart contribution (in cash or in kind) will be at least 50% of the project cost. (This contribution will be a donation and will not constitute a financial liability for the requesting group or organization.)

- i. The project will generate public awareness and support for U.S. assistance efforts.
 - j. In this project the SDA is not financing administrative, operational or labor costs.
3. Copies of the grant are given to the PCV who obtains the necessary signatures from the appropriate official in the organization or community which is to receive the grant.
 4. The PCV or Peace Corps Director obtains the signature of concurrence from the government for each grant.
 5. The signed documents are returned to the Peace Corps Director who reviews them and forwards them to the USAID Mission/Embassy.
 6. USAID Mission/Embassy issues a check for the amount approved to the community, or organization.
 7. The community or organization sends receipts for items purchased to the office of the USAID Regional Development Officer.
 8. When the project is completed, a simple written notification should be prepared either from the person in the community or organization which has executed the program, or the PCV, stating that the activity has been completed and the degree of success of the activity. This should be sent to the Peace Corps Director who will share it with the AID Regional Development Officer.

Advantages of the SDA are as follows:

1. Documentation and analysis requirements are simple.
2. Very effective for PCVs presently in country, due to fast

response to identified local needs.

3. It involves local human and material resources and involves the minimum of outside participation. Has the potential of teaching self-help problem identification and problem solution skills.
4. Procedures are designed to minimize AID staff load.
5. Most procurement regulations are waivable at the field level.

Disadvantages of the SDA are as follows:

1. The SDA resembles ad hoc collaboration rather than long-term joint programming.
2. Small numbers of volunteers are involved in one project.
3. Replication of project results is not always possible due to specificity of the problem being solved. This is balanced somewhat by the problem solving skills which are being transferred.

SDA is available to Peace Corps in many countries, and has proven to be particularly effective in Latin America. Costa Rica has frequently shown positive results in using the Special Development Activity Fund. In the attached example, the SDA enabled an extremely isolated community to complete a preventive dental care unit. They had secured office space and an unequipped dental chair, but had no resources available for buying the remainder of the equipment required by the Ministry of Health prior to the assignment of a visiting dentist to the village.

A Peace Corps Volunteer, living in the community, made the

initial contact with the Mission and promoted the project, then community leaders took over the implementation. A new volunteer stationed in the area has been monitoring the project for the past year.

Comments

SDA documentation is kept on file in the field. Therefore, overall funding levels and project specific information is not available to AID/W at present.

ACCELERATED IMPACT PROGRAM (AIP) ASIA

Summary Description

The Asia Bureau Accelerated Impact Program was proposed in 1977 as part of the strategy for AID assistance to the South Pacific. The program which is modeled after the Special Development Activity (SDA) fund was launched in early FY 1979. The major difference between AIP/Pacific and SDA is AIP's reliance on Peace Corps staff to initially screen project proposals.

Since 1979, a total of 147 small grants have been made in South Pacific countries. During FY 1981, 60 grants were made under the Accelerated Impact Program (AIP) totaling \$300,000-- an average of \$5,000 per project. The smallest grant made during the year was \$87; the largest grants were at \$10,000 (the maximum for the project); 9 of the 60 projects were at the maximum \$10,000 level; 18 of the projects were under \$2,000.

ASIA AIP Approval Process

1. The PCV submits a simple paragraph describing the activity to the Peace Corps Director who screens the proposal for consistency with SDA guidelines. The paragraph should provide sufficient information for a first opinion of project suitability and include the following six elements required for an SDA proposal:
 - a. A description of the problem;
 - b. A description of the proposed solution;
 - c. A statement of what is needed from the U.S. Government in terms of funds;

- d. A statement of the input from the local community or organization in terms of work, commodities, or funds;
 - e. A simple budget showing the items to be purchased, including those to be purchased with U.S. funds and other funds if that is applicable;
 - f. The name of the organization to which the grant is to be made should be included in the proposal, as well as the name of the individual who is going to sign the grant and be responsible for the disbursing of funds.
2. If the initial proposal is favorably reviewed, the PCV submits formal application to the Peace Corps Country Director and AID Regional Development Officer. See attached example from Latin America of a dental clinic.
3. The grant is approved/disapproved by the Peace Corps Director and the AID Regional Development Officer based on the following grant selection criteria:
- a. Project consists of a small local development activity with immediate impact.
 - b. Project will assist segments of the local population which are beyond the direct reach of other AID projects or government financial support.
 - c. Project deals with a local entity, group or community at the cantonal or lower level.

- d. Project is in the area of agriculture, education, health, transportation and/or is a productive income generating activity.
 - e. Project will have a maximum implementation period of six months.
 - f. No more than one half of the total project cost will be financed by the SDF.
 - g. The SDF contribution is in the area of \$5,000.00 or less.
 - h. The community counterpart contribution (in cash or in kind) will be at least 50% of the project cost. (This contribution will be a donation and will not constitute a financial liability for the requesting group or organization.)
 - i. The project will generate public awareness and support for U.S. assistance efforts.
 - j. In this project the SDF is not financing administrative, operational or labor costs.
4. Copies of the grant are given to the PCV who obtains the necessary signatures from the appropriate official in the organization or community which is to receive the grant.
5. The PCV or Peace Corps Director obtains the signature of concurrence from the government for each grant.
6. The signed documents are returned to the Peace Corps Director who reviews them and forwards them to the USAID Mission/Embassy.

7. USAID Mission/Embassy issues a check for the amount approved to the community, or organization.

8. The community or organization sends receipts for items purchased to the office of the USAID Regional Development Officer.

9. When the project is completed, a simple written notification should be prepared either from the person in the community or organization which has executed the program, or the PCV, stating that the activity has been completed and the degree of success of the activity. This should be sent to the Peace Corps Director who will share it with the AID Regional Development Officer.

Advantages

Essentially the same as the SDA although dispersion of the Pacific Island Region makes face to face dialogue and cost accounting difficult.

Disadvantages

Essentially the same as the SDA.

Comments: Previously some concern had been expressed about the possibility of the role of Peace Corps Volunteers being reduced from community catalyst to one of "financier." At present little formal inquiry has been conducted to determine if the concerns are warranted.

The AID representative in the South Pacific feels that funds are not yet sufficient to meet the demand. Proposed for FY 1982 is an increase from \$300,000 to \$400,000. Peace Corps Volunteers

were associated with 27 of the 60 South Pacific AIP projects. Most of the AID projects were implemented in Fiji, the location of the AID Regional Development Office and Peace Corps headquarters with Peace Corps Volunteers involvement in 21 of the 52 projects.

The following chart shows the distribution of projects and AID funds among countries as well as community inputs:

<u>Country</u>	<u>Grants</u>	<u>PCVs</u>	<u>Inputs</u>	
			<u>AID</u>	<u>Communities</u> <u>(In Cash or Kind)</u>
Fiji	52	21	\$274,454.87	\$453,196.08
Kiribati	1	1	3,330.89	2,840.30
Solomon Islands	1	1	1,656.00	9,000.00
Tonga	4	4	29,558.24	10,173.64
Tuvalu	1	-	10,000.00	8,000.00
Western Samoa	<u>1</u>	<u>-</u>	<u>8,000.00</u>	<u>8,000.00</u>
	60	27	\$300,000.00	\$491,210.02

ACCELERATED IMPACT PROGRAM (AIP) AFRICA

I. Summary Description:

AIP activities began in FY 1976 under the Sahel Recovery and Rehabilitation program. AIP was designed to facilitate implementation of small-scale, primarily rural activities which did not warrant the extensive design requirements of more technically complex, high-dollar value programs. In FY 1977 the program was extended to other African countries in which bilateral AID development assistance programs were operating. Beginning in FY 1978, AIP activities in Sahelian countries were included in a separate project funded from the Sahel Development Program appropriation. The funding levels suggested per project are \$100,000 to \$300,000 with possible expansion to \$500,000 if there is special justification.

Program Criteria:

The AIP project emphasizes: development of low-cost agricultural technology; income expansion for small, primary producers; promotion of rural primary health care; nonformal educational assistance to prepare rural populations for participation in productive activities. The AIP project concentrates on experimental, pilot and/or start-up activities. Activities are to have concrete impact with measurable project outputs. They are to be implemented quickly using primarily local resources and mission contracting authority with limited AID/W backstopping. Implementation is expected to take no more than 24 months.

Individual AIP activities are based on the following criteria:

- A. Experimental/pilot/start-up activities which:
 - Lead to comprehensive changes in existing conditions;
 - Encourage local participation and self-help in defining new learning systems relevant to local concerns in an attempt to reach significant numbers of rural people;
 - Provide rural people with additional skills, information, and knowledge and other inputs to increase their incomes and improve their well being; and
 - Provide an opportunity to introduce new technology on a trial basis until a particular activity proves successful.
- B. Activities are directed primarily at small, low-income farmers, herders, artisans, labor intensive industry and service workers in villages, market towns and small rural centers. The target group should be specifically identified for each subproject.
- C. Activities should directly assist in raising productivity and income of rural populations.

Approval Process:

Since November 1977, the AIP approval procedure requires submission of a Project Identification Document (PID) for AID/W approval and the subsequent preparation of an abbreviated Project Paper (PP) which is approved by the USAID Director or comparable field representative. Because AIP activities do not have to be included in prior budget submissions, it is necessary to submit Congressional

Notifications before funds can be allotted to the field. Initial Environmental Examinations (IEEs) must be submitted to AID/W for approval. Section 611 determinations, regular procurement procedures, completion of the statutory checklist and the requirement for a 25-percent host country contribution to each activity are maintained for AIP activities. The 25-percent contribution can be waived for the least-developed countries.

The following steps summarize the AIP approval process:

1. Field submits PID
2. AID/W reviews and advises approval by cable
3. Field prepares and approves PP
4. Field submits Congressional Notification
5. AID/W cables field of expiration of Congressional Notification period and provides cable allotment of funds to Mission
6. Field executes project agreement

Advantages:

- Program criteria in general accordance with P.C. programming philosophy
- Design, review and approval mostly field-controlled and tends to involve Peace Corps significantly
- Offers potential growth into larger, long-term collaborative project
- Simplified (relative to loan/grant) documentation and level of analysis requirements

- AID/W reviewers are familiar with AIP approval criteria
- Relatively quick turnaround from idea to authorization (4-5 months; probable average is 9 months)
- Generally escapes budget/congressional cycle as AIP funding is held regionally and is allotted to the Mission upon project approval as a supplement to the Mission's bilateral allocation.

Disadvantages:

- Short project lifespan makes Peace Corps delays in supplying requested volunteers critical
- Regionwide funding is somewhat limited
- Difficult to extend period of funding, i.e., project must "grow or die"
- Documentation and level of analysis requirement, while simplified, are vaguely defined (reference Handbook 3, Chapter 6)

Comments: Peace Corps experience with the AIP has been limited and mixed. According to an evaluation report on AIP Africa activities conducted by Experience Inc. dated January 26-31, 1982, "AID/W monitoring of the project has been somewhat lax. A number of files (7) do not have copies of grant agreements. Evaluations have not been carried out on time, but Missions have not been reminded of the delinquencies. The evaluation and implementation reporting requirements set forth in grant agreements vary considerably, reflecting a lack of clear guidance from AID/W on the

subject. In fact, there is no current AID guidance document, just a January 1980 cable repeating two 1977 cables."

The attached AIP Animal Traction Program in Togo emphasizing rural development and agricultural production has been successful:

- 200 farmers were taught to use oxen teams for ploughing, cultivating and hauling. The grant agreement calls for 60 farmers to be instructed in animal traction.

- 106 pair of oxen were trained for traction on small farms.

The grant agreement calls for training 60 to 80 teams.

It has been recommended by the Peace Corps Director and AID field staff that higher funding levels and a longer time frame in which to carry out an activity would increase the usefulness of the AIP in Africa.

Program Summary:

Tables 6 and 7 summarize AIP activities in the Africa Region since the beginning of the program in 1977. As shown in Table 6, FY 1980 was the peak year for obligations of AIPs at slightly over \$4 million.

I R T

I. Summary Description

The Improved Rural Technology (IRT) was approved December 29, 1977. The project was initiated in response to Congress's call in 1975 for AID to take new action to promote capital saving technology.

Life-of-project funding was authorized at \$6.1 million, of which \$5 million was for small activity grants and \$1.1 million for the technical support contractor. Acting through different rural technology systems, this project supports a variety of specific activities, each with LOP funding normally no more than \$50,000. This LOP funding was raised to \$100,000 in the revised IRT guidelines of January, 1981.

The project is designed to respond quickly to field proposals for experimental adaptation of technologies to local needs.

It is expected that the projects will lead to:

- Greater understanding and acceptance of the concept of "appropriate rural technologies" on the part of African governments.
- A considerable accumulation of field experience with various technologies providing valuable guidance for future development of more sweeping technology projects.
- Positive impact on the Africans who are the direct beneficiaries of IRT activities, measured in terms of improvement in production, personal incomes, employment and the quality of village life.

II. IRT Approval Process

A. Mission submits to AFR/RA an Activity Identification Cable, six to ten pages in length, covering the following topics:

1. Background and general description
2. Technical analysis
3. Social analysis
4. Government and beneficiary support
5. Work plan
6. Budget and grant request

The Activity Identification Cable (AIC) provides sufficient information to permit a judgment as to whether or not the proposed activity meets basic IRT funding guidelines.

B. AFR/RA provides a ~~cable~~ response within 15 days. The activity concept is examined for compliance with the following conditions:

- The activity falls within IRT guidelines and AID priorities.

(See attached IRT Project 698-0407 guidelines.)

- Activities proposed for funding under the IRT project must fall within one or more of the following categories:

1. Agricultural systems - improvement/development
2. Rural water supply and potable water development
3. Improved sources of nutrition
4. Renewable energies (wind, mini-hydroelectric, solar, biogas)
5. Tools and equipment production
6. Housing and construction materials development

7. Food storage and processing
8. Access roads construction
9. Sanitation systems development
10. Public Health management
11. Income generation - crafts and light capital rural industry
12. Transportation

- The procurement plan and waiver requests are included.

C. Mission prepares Activity Paper, a 6 to 10 page single space document which follows the format outlined in the attached IRT guidelines. The final approval authority is delegated to the Mission Director except that AID/W must approve the Initial Environmental Examination (IEE) threshold decision (unless the grantee is a PVC). A contractor, Experience Inc. is available for local proposers and USAID~~s~~ to provide technical assistance in drafting and reviewing the Activity Paper.

D. Mission prepares a brief Project Evaluation Summary (PES).

Advantages

- Potentially quick turnaround (2-3 months)
- Simplified guidance to proposers
- Contracted assistance available to proposer for drafting and review activity papers
- Simplified level of analysis requirements
- Project development and implementation assistance available from AID contractor, which minimizes work load of AID staff
- Mission Director gives final approval

Disadvantages

- Limitation on activity size and duration limit scope of collaboration
- Some waivers may require AID/W approval

Comments: The IRT program experienced a number of start-up difficulties which have been resolved as experience with the program increased. A number of proposals could not be funded before the appropriation lapsed, and the delays detracted from IRTs advertised quick turn-around character. IRT activities turned out often not to be simple even though small in cost. The technical assistance contractor was added to address this problem.

Although the IRT project was approved at the beginning of FY 1978 (December 1977), no activities were obligated until the end of FY 1979 and then only two. Thirteen activities were obligated in FY 1980, ten in FY 1981 and eight are already well along for FY 1982 obligation. Peak obligation was \$629,000 in FY 1981. This reflected the increase in maximum funding from \$50,000--the \$100,000 per activity beginning in January 1981 plus \$66,000 of add-on funding were raised during the evaluation team's field visits.

TABLE 11
CATEGORIES OF IRT ACTIVITIES

<u>Functional Category</u>	<u>No. of Activities</u>	<u>Innovation</u>	<u>Start-Up</u>	<u>Pilot</u>	<u>Program Expansion</u>	<u>Information Promotion</u>
Agricultural systems	7	1	1	3	2	
Renewable energies	7	3		2	1	1
Rural water supply	6			6		
Income generation	5	1	1	2	1	
Housing, construction material	4	3	1			
Food storage and processing	3	2		1		
Tools and equipment production	1			1		
Totals	33	10	3	15	4	1

Peace Corps Participation and Collaboration

In February 1982 an evaluation of the IRT was conducted by Experience Incorporated. Information on Peace Corps participation is not complete, but PCVs have been involved in at least eight activities in five countries. PCV involvement was crucial to the success of five of the activities which the evaluation team reviewed in the field and was important in others.

Peace Corps Country Directors reactions are favorable toward the IRT activities. They felt the IRTs were small enough to be manageable, yet provided important additional resources to increase the effectiveness of the assistance provided by the PCVs. The IRTs are also appropriate for working at the village level--a high priority for the Peace Corps.

O.P.G.

I. Summary Description

The Operational Program Grant for Private and Voluntary Organizations (OPG) was adopted in early 1974 in response to the Congressional directive to encourage greater participation by private and voluntary organizations (PVOs) in international development. Peace Corps is often an implementor of PVO projects and PCVs provide technical assistance to implement projects.

The purpose of OPGs is to support development assistance activities that most directly lead to improving the well-being of the poor majority in developing countries. Preference is given to activities which increase local motivation and capacities to act on local social and economic problems. Emphasis is placed on improving health, nutrition, family planning, income generation, womens' status, food production and employment opportunities.

Overall coordination with PVOs is the responsibility of the Bureau for Food for Peace and Voluntary Assistance, Office of Private and Voluntary Cooperation (FVA/PVC). Grant proposals are received by the appropriate AID Mission or Geographic Bureau. Guidance papers are contained in AID Handbook 3, Chapters 6 and 7.

The majority of grants are for under \$500,000, however, there is no absolute maximum grant size per project. The time-span of an average grant is about 3 years.

The PVO may obtain advice and access to available background information and studies from AID. However, responsibility for preparing the OPG proposal is entirely that of the PVO. PVOs obtain technical assistance from their direct-hire or contract personnel. The quality of the Peace Corps/PVO relationship will determine the extent to which Peace Corps participates in designing and implementing AID funded PVO activities in the field.

Restrictions: Grants cannot finance activities of a primary research orientation.

An Operational Program Grant Proposal which is presented in outline form in AID Handbook 3, Chapter 6 is required. PVOs may submit their own project design systems to AID/W for approval if they feel their system meets the standards of the AID guidelines.

II. OPG Approval Procedure

- a. PVO formally consults with AID Mission or Geographic Bureau
- b. PVO prepares and submits OPG to USAID Mission
- c. USAID Mission reviews proposal; if under \$1 million LOP funding, can approve grant
- d. AID/W geographic bureau reviews and approves grant (if over \$1 million)
- e. Congressional Notification submitted
- f. At conclusion of waiting period, AID/W authorizes grant
- g. AID Grant Officer negotiates grant with PVO

III. Advantages

- Experimental, Basic Human Needs-oriented projects undertaken by PVOs are consistent with Peace Corps programming philosophy
- PVO personnel usually work at grass roots level, thus affording greater opportunities for direct contact with Volunteers in the field
- Funding for PVO activities is carried as a regional "basket" project, thus funding for new OPGs is normally available except near end of a fiscal year
- Under \$1 million OPGs are programmed and approved in the field
- Some flexibility in the OPG Proposal format

IV. Disadvantages

- Difficulty of fourway dialogue that needs to be maintained between AID, PVO, Peace Corps and host country government.
- In particular, the "parochialism" sometimes found among voluntary agencies can inhibit communication, and in some countries AID's relationship with Peace Corps may be better than with PVOs.
- Large OPG proposals (over \$1 million) are sometimes "hung-up" in AID/Washington.

Comments: There is little available data to evaluate AID-PVO-PC collaboration at present. For the most part, evaluations reflect that PCVs have done a credible job in projects in which there has been Peace Corps involvement, and have made valuable contributions to the success of various projects by adding needed technical assistance.

The Ixchiguan Integrated Rural Development Project in Guatemala is an example of an OPG with a PVO, Project Hope, in which Peace Corps Volunteers were part of the technical assistance package. The purpose of the project was to assist the community of Ixchiguan to improve health, increase local economic opportunities and better utilize local natural resources. The project was managed by a committee with representation from AID, Project Hope, Peace Corps and the Government of Guatemala. The purpose of the committee was to resolve issues involving administration, management, and to provide a definition of Integrated Rural Development relevant to the local communities in the project area to provide criteria for selection among proposals submitted by local communities which we believe, may be applied on a worldwide basis ~~in~~ countries where AID, Peace Corps and PVOs collaborate even though these recommendations were derived from a specific project in Guatemala:

1. A national level committee should be established in the project planning stage with a permanent membership of representatives and alternates from AID, Peace Corps, the PVO, and the host country government counterpart agencies to administer, plan, and manage all mutually agreed upon project activities.
2. A regional level committee should be established with a permanent membership of representatives and alternates of all agencies directly participating in work in the field. One member, the PVO's Field Coordinator, will also serve on the national committee to assure communication and coordination between the two.

3. Members of both committees should be appointed by their respective agencies with full representational authority to properly and responsibly participate in planning and policy.
4. A full and realistic definition of Integrated Rural Development based upon a community's or region's particular needs must be mutually agreed upon by all participating agencies and the recipient community to insure an adequate programming and strategy to achieve the project's goals.
5. Integration should not only exist in the sectoral field activities, but also in the administrative and technical elements of the participating institutions in the project's development.
6. In light of the political situation in Guatemala, AID should increase its funding of OPG projects as an effective means of programming through PVOs with Peace Corps participation.
7. If possible, identify a responsible host country PVO for OPG funding to insure a stronger identification with national goals and the permanence that an outside organization cannot guarantee.
8. Project field personnel should be host country nationals or, in the case of Peace Corps Volunteers, personnel that live as well as work in the community to provide continuity to the project and avoid the impression of an outside operation.
9. Qualified PCVs for an IRD project should be recruited with particular care for skills adequate and pertinent to the project's activities.
10. In planning a project, consideration should be given to the political cycles of the host country government to avoid as much

as possible a mid-project change of local administration that may affect government support of and commitment to the project.

11. Collaboration between AID, Peace Corps, a PVO and a host country government should be strongly promoted and supported but the separate and distinct identities and philosophies of each institution should be preserved.

The following recommendations reflect guidance previously stated that warrant reiteration.

12. Liaison Officers should be appointed in both AID and Peace Corps field offices to insure open and consistent communications between the agencies and to develop and monitor strong collaborative projects.

13. In project planning, AID, Peace Corps, and a PVO should better recognize the value of their respective expertise and experience and utilize this collective knowledge to a greater extent than in the past.

14. In a collaborative project, PCVs should begin their field participation no sooner than six months after the project's initiation.

15. It is essential that all parties involved in a collaborative effort be thoroughly acquainted with each other's programming and budget cycles.

The Integrated Rural Development Program in Tonga is regarded as successful by all parties involved. See attached example. The project is in three specific areas of fisheries development for two years, Women's Development for two years, and agricultural

training for one year. For FY 82 \$464,126 have been approved to completely fund year four of the project.

- The fisheries project has improved fishing techniques and marketing infrastructure. Ice boxes are being utilized in a system capable of meeting Tongan fresh fish needs.
- The WID program is by all evaluations, the most effective women's and community development program in Tonga. It has helped teach women how to establish goals and objectives, plan and implement income generating activities.
- The Agricultural Training Center is an experimental approach which still has to prove itself. It could become a center for the promotion of horse drawn agriculture in Tonga. It has a well equipped blacksmith shop and qualified blacksmith.
- PCVs are implementors in the three specific areas and supply valuable technical assistance.

Program Summary

Overall funding documentation and specific project information is not available to AID/W at present.

SOURCES

Interviews conducted with AID/W and Peace Corps/Washington and field staff - February 25 through May 7, 1982

Materials from the files of AID/W, Africa Bureau, Asia Bureau, and Latin America Bureau

A Report on Peace Corps/AID Collaboration, by Peace Corps Fellow, John Earhart

A Report on Fast Disbursing AID Funding Mechanisms, by Peace Corps Fellow Charles Feinstein

United States Aid in the South Pacific, South Pacific Regional Development Office

Annual Report of Improved Rural Technology Project (AID/AFR/A, 698-0407) October 1, 1980 - September 30, 1980 by Experience, Incorporated

Guidelines for Preparing and Approving IRT Activities - Africa Bureau, Office of Regional Affairs, January 1, 1981

Phase II Evaluation of the AIP - Project Review, 1978

Report of Field Visit - AIP, IRT, WID, by Experience, Incorporated January 26-31, 1982

Development Information System, AID's Development Project Experience Memory for AID Projects, 1974-1982

Joint AID/Peace Corps Programming Cable, State 128982

Special Development Activity Project Evaluation Summary, USAID/Costa Rica, August 1980 by Tommie N. Olrey

General Accounting System Statement, Agency for International Development, Arthur Young & Company, EDS Federal Corporation

Peace Corps - AID Collaboration - A Preliminary Study of the Exchiquan Project, Integrated Rural Development, Guatemala, AA/PPC, H. Lyon, Peace Corps Fellow, November 1980

Annex A

SDA

MANUAL ORDER

AGENCY FOR INTERNATIONAL DEVELOPMENT

SUBJECT	EFFECTIVE DATE	ORDER NO.
	February 13, 1969	1323.1.1
	TRANS. LETTER NO.	PAGE NO.
	12:161	1
Special Development Activity Authority	SUPERSEDES	
	M.O. 1323.1.1 (TL 12:84)	

I. Purpose

A. This manual order describes the scope and purpose of the Special Development Activity Authority and provides general guidelines on its administration.

B. The Special Development Activity Authority is a device for permitting designated Mission Directors to finance quickly and with a minimum of procedural red tape small constructive activities which will have immediate impact in the cooperating country.

II. Background

A. In March 1963, the Agency extended on a pilot basis a special funding authority to four Latin America Mission Directors (Chile, Ecuador, Guatemala, and Peru) permitting them to use up to \$50,000 of already available FY 1963 DG-type funds in support of small, high-impact activities.

B. On the strength of experience gained with the use of this funding authority, similar authority was extended on October 1963 to eleven additional Latin America Missions. The basic policy governing the administration of this authority was issued on December 28, 1964, as Policy Determination 25. This policy and procedures for its administration are incorporated in this manual order.

C. The Africa Bureau also experimented by extending to the U.S. Ambassador in Togo such authority for up to \$10,000 toward the end of FY 1964. In the first part of FY 1965 the Africa Bureau extended similar authority to several other countries and then in December to all countries in Africa though the limits were set at \$25,000 per country and not to exceed \$10,000 for any given project.

III. Objectives of the Special Development Activity

A. The Special Development Activity Authority permits authorized Mission Directors to respond immediately, and without reference to goal plans, sectors of concentration, or

other elements of country assistance strategy, to requests for assistance to small, constructive activities where such response will fall within the criteria of Section 211 or Section 251 of the Foreign Assistance Act of 1961, as amended, will have an immediate impact, and will advance U.S. objectives. Although A.I.D./W has not established a funding maximum for individual activities it is contemplated the "average" activity will not cost more than \$5,000.

B. Frequently this can be done within the basic structure of current established projects. For example, under a road training project, trainees can construct, drain, or surface a section of road which is essential but has been virtually unusable during certain seasons. Within a vocational training project, sewing machines or other equipment can be made available for use by a community center or an adult education organization. Intermittent idle vehicle capacity of a construction project can be used to assist a school feeding program or to provide other services. Other examples will be suggested through alert and imaginative management of current project activity.

C. The SDAA may be used for special development activities projects which are not supportable within the structure of current established projects. Such projects are ones which are likely to generate public awareness and support for U.S. assistance efforts, particularly in their self-help aspects or promise to achieve, through their symbolic value, visibility and speed of execution, economic and social development benefits in terms of U.S. objectives of much greater value. Thus, the opportunity is provided to undertake projects of the type indicated above and others, possibly involving segments of the local population not normally reached directly by other formally established A.I.D. projects.

IV. Delegation of Authority to Assistant Administrators for the Geographic Regions

A. Delegation

Assistant Administrators of the

NO.	PAGE NO.	EFFECTIVE DATE	TRANS. LETTER NO.	A.I.D. MANUAL ORDER
1323.1.1	2	February 13, 1969	12:161	

Regional Bureaus are authorized to extend to Mission Directors and A.I.D. Representatives in all countries within their regions, as they deem appropriate, authority to use a total of up to \$50,000 of Development Grant funds annually for Special Development Activities. In aid-assisted countries where there is no Mission Director or A.I.D. Representative, the appropriate A.I.D. Assistant Administrator may delegate such authority to the Principal Diplomatic Officer. Designations extending this authority to a specific A.I.D. Mission or to a diplomatic officer must be in writing and be signed by appropriate Regional Assistant Administrator. A copy of such designations of authority should be prepared and sent to the Controller, the Assistant Administrator for Program and Policy, and the Executive Secretariat.

B. Documentation

A circular airgram issued by the Regional Bureaus can serve as such designation. Although separate funding will be provided for each fiscal year, it will not be necessary to reissue the designation annually unless changes are involved.

V. Limitations on the Use of the Special Development Activity Authority

A. Purpose and Funds

Use of the Special Development Activity Authority is limited to purposes authorized in Section 211 or Section 251 of the Foreign Assistance Act. Appropriations to be charged are: (1) Technical Cooperation and Development Grants or (2) Alliance for Progress Development Grants.

B. Documentation

1. Each designated Mission Director (or A.I.D. Representative) who has been delegated Special Development Activity Authority may enter into one or more Development Activities Agreements (not obligating a specific sum) with the cooperating country which will permit obligations by the Mission without the further approval of the government of the cooperating country. Alternatively, host-government clearance may be sought on each individual activity in which case the agreement could serve as an obligating document. The Development Activities Agreement may be of a general umbrella-type, covering a variety of individual activities. It should be assigned a number in order that the obligations and expenditures for the individual activities under it may be

collected in a consolidated report in the Quarterly Project Report (U-203). (See M.O. 756.1.8 - Quarterly Project Report U-203a and U-203b.) Individual obligations may be reflected in purchase orders, contracts, or any other appropriate documentation applicable to the individual transaction. A numbering system should be set up for individual subprojects or activities which will key into the number given to the Special Development Activity, and the related agreement or agreements. Evidence of the Mission Director's approval and the subproject or activity number should appear on each obligating document.

2. It is not possible to exempt activities under the special funding authority from all A.I.D. procedural and policy requirements, although these will be held to a minimum and prescribed only to assure orderly and efficient use of funds. Therefore the substance of the following Standard Provisions Annex (See Annex B to M.O. 1333.1 - Technical Assistance: Project Agreement Forms and Standard Provisions.) shall be made applicable to the Special Development Activities Agreements:

(L) - Funds introduced by A.I.D. shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.

(M) - "A.I.D. shall expand funds and carry on operations pursuant to this ... (agreement) only in accordance with the applicable laws and regulations of the United States Government."

(N) - Rights of the two parties to observe operations carried out under the agreement.

(O) - Completion report required.

3. Some of the above policies and procedures are required to assure compliance with applicable statutory requirements. In addition, the provisions of Sections 110 and 111 of the 1965 Appropriation Act (and successor legislation reaffirming these provisions) must be complied with if applicable to the activities undertaken.

C. In implementing projects under the Special Development Activity Authority, the Mission should use available U.S.-owned local currencies to the extent practicable. Dollars may be used as required; however, where dollars are used to defray local costs, purchases of

local currency should be channelled through the USDO.

D. A.I.D. commodity and services contract source requirements in Chapter 1400 - Procurement Policies, Regulations, and Procedures, are also waived for projects under the Special Development Activity Authority.

E. Although compliance with the Small Business Notification procedures is desired to the maximum extent possible and wherever possible for U.S. source procurement, circumstances may warrant their waiver. Accordingly, authority is hereby delegated to persons authorized to obligate the funds provided under the SDAA to waive the Small Business Notification requirements of Section 602 of the FA Act upon a written determination of necessity.

F. The SDAA should not be used to support educational or other facilities used in significant part by U.S. employees.

VI. Frequency of Use and Funding of Special Development Activity Authority

A. Missions designated to use the Special Development Authority may use up to the amount authorized each fiscal year without prior A.I.D./W approval, but the amount used cannot exceed funds allotted as of that time. Normally, funding will be from funds already allotted to the Mission for project activities.

B. In the event the designated Mission desires to use the authority a second time in a fiscal year, or if an additional allotment of

funds is required, prior A.I.D./W approval will be necessary.

VII. Reporting

A. Each authorized Mission is required to submit a report on its use of the Special Development Activity Authority. The report which may be in airgram form and which may be one-time or quarterly will provide a description of the activities undertaken and the objectives served together with relevant funding data (e.g., obligations and expenditures), purpose, implementation plans, and progress. The reports shall be dispatched to A.I.D./W within 10 days following the close of the quarter in which the project under the Special Development Activity Authority was undertaken. The report should assess the impact of all such activities under way and upon their completion. Individual Regional Bureaus may specify alternative reporting requirements. However, the workload on reporting should be held to a minimum.

B. SDAA activities should be consolidated under a single project for U-203 and other controller reports and for E-1 purposes in the CAP. Interim reports may be filed as necessary for the purpose of obtaining an increase in the appropriate allotment expressly for the Special Development Activity Authority when it can be shown that constructive activities under the special funding authority have depleted funds needed for regularly approved program purposes or for special funding authority (i.e., beyond the \$50,000 stipulated in paragraph V. above) in any one U.S. fiscal year.

SPECIAL DEVELOPMENT FUND

Request Control Sheet

Request # 81-27

Solicitant:

a) Organization Asociacion de Desanallo Integral

b) Location Cabanos, Puntarenas

c) Name Mario Luis Stiller Phone # 61-11-22

Kind of Project: Rental Chair Equipment

No. Direct Beneficiaries: 15,000 people

First contact:

Date: 11/11/80 Method: Application received-personal

Response:

Date 11/14/80 Method: Personal

Positive Accepted Negative, Reason _____

Other _____

Site Visit:

Date: 11/30/80 Visited by: PCV, Jackie Schoonheim

Project reviewed:

Date: 12/3/80

Decision:

Positive Negative, Reason _____

Other _____

Notification of Decision: Date 12/9/80

PROJECT SELECTION WORKSHEET

Project: Equipment of dental unit for Cobano, Puntarenas	Degree to Which Project Complies with Selection Criteria		
	Low	Med.	High
1. Project consists of a small local development activity with immediate impact.			X
2. Project will assist segments of the local population which are beyond the direct reach of other AID projects or government financial support.			X
3. Project deals with a local entity, group or community at the cantonal or lower level.			X
4. Project is in the area of agriculture, education, health, transportation and/or is a productive income generating activity.			X
5. Project will have a maximum implementation period of six months.			X
6. No more than one half of the total project cost will be financed by the SDF.			X
7. The SDF contribution is in the area of \$5,000.00 or less.			X
8. The community counterpart contribution (in cash or in kind) will be at least 50% of the project cost. (This contribution will be a donation and will not constitute a financial liability for the requesting group or organization.)			X
9. The community contribution plus the SDF contribution will assure the financing of the total project.			X
10. The project will generate public awareness and support for U.S. assistance efforts.			X
11. In this project the SDF is not financing administrative, operational or labor costs.			X

SPECIAL DEVELOPMENT FUND

Project Control Sheet

Project ID 81-27

Date of Agreement: 12/10/80 Expiration Date 6/10/81

Date of Agreement copy sent to community: 12/16/80

Contact Person:

Name: Mario Luis Stiller

Address: Cabanos. P. Atarenas Phone: 61-11-22

Costa Rica

Method of payment: Deposit

Bank Account No. 390052-9 Banco Nacional de C.R. - Cabano

Personeria Juridica: Yes No

Total SDF Contribution:	c <u>43,000</u>	\$ <u>3,583.33</u>
Counterpart	c <u>76,850</u>	\$ <u>6,404.16</u>
Other	c _____	\$ _____
Total Project Cost	c <u>119,850</u>	\$ <u>9,987.50</u>

Amendments:

Date: _____ Reason: _____

New Expiration Date: _____

Observation: _____

Project Completion

Date: 8/14/81

Date of site visit: _____ Visit by: _____

Comments: Project completed - info by PCV, Jerry Goldstein.

Beneficiaries:

Type: General Public of District of Cobano

Number: Approx. 15,000

Work completed to date:

Chair installed in "La Unidad Sanitaria" - Health Center. Regular visiting dentist solicited and promised to Cobano by Ministry of Health

Amount of funds/resources already available:

Funds: ---

Resources: Office space, dental chair, a source of electricity

If property is involved, who holds the title to the property?

La Unidad Sanitaria, as well as the diesel generator belong to the community

Is there any other organization involved in this project?

Yes, if so name, contact person and what is their involvement?

Dr. Tony Hirsch - donor of unequipped chair

Dr. Francisco Bianchini - Ministry of Health, Dept. Odont.

No _____

Can project be completed without SDF funds?

Yes _____ No X

Explain: Cobano simply has no financial resources, and has little or no possibility of finding financing with the government. The required funds will have to come from a non-Costa Rican Agency, like A.I.D.

The majority of the people are poor and undereducated and of little faith in community organizing efforts. Strong individualism, much determination.

Indicate the major source of employment and income found in the area:

Peon labor on cattle ranches

Projected project impact:

The first and only preventive medicine offered in the entire southern end of the peninsula. Hopefully fewer tooth extractions and greater dental care among children and adults alike.

Fill in selection criteria worksheet (attached)

F. Recommendation:

This particular project is worthwhile for several reasons: 1) it will benefit many, many people who otherwise don't have any access to dental care, particularly adults, 2) it is revolutionary for a campo pueblo to undertake a project stressing "preventive" care, which will spark greater awareness of and respect for the human body and its purpose to serve a lifetime, 3) it is a project which coordinates pueblo, private donor (university, national) and Ministry of Health, the latter of which is committed to a new approach in dental service with the undertaking of this project.

Annex B
AIP/Pacific

Grant Agreement

The following project agreement is an example of how a Junior High School in Western Samoa used the AIP to fund a poultry demonstration project. The project agreement documentation for the SDA and the Asia AIP are essentially the same.

A G R E E M E N T

between

UESILIANA JUNIOR HIGH SCHOOL

and

THE GOVERNMENT OF THE UNITED STATES

Title: Uesiliana Junior High School Poultry
Demonstration Project

Individual Activity Agreement

No.: 9882015
(EHR Funds)

Description of Activity:

Unemployment among youth in Western Samoa is becoming a severe problem. Many students leave school ill-equipped to assume gainful employment either in the business and professional sector, or in the agricultural sector. Such is particularly a problem for rural village students.

In order to begin to impact on this problem, the headmaster of Uesiliana Junior High School on Savai'i desires to provide his students with a kind of practical training which will be useful to the villages from which they come and to which most of them are likely to return. To this end, it is being proposed that a poultry demonstration project be started. A poultry project was decided upon because there exists a large village market for fresh eggs and meat birds. It is believed that providing students with practical experience and know-how in the operation and management of a village-level poultry unit will assist them become more economically self-sufficient while supplying the local village community with needed foodstuffs.

U.S. Contribution:

The United States will grant Uesiliana Junior School US\$411.00 to purchase equipment as indicated in the attached budget.

Uesiliana Junior High School Contribution:

The students at Uesiliana Jr. High School, under the supervision of the Peace Corps Volunteer, will supply the labor necessary for constructing a small roosting house for the birds, and will be responsible for the care of the birds. The total US dollar value of this contribution is

AUTHORITY:

This individual activity agreement is executed in accordance with the Foreign Assistance Act of 1961, as amended.

IN WITNESS THEREOF, Uesiliana Junior High School and AID, each acting through its respective duly authorized representatives, have caused this Individual Activity Agreement to be signed in their names and delivered as of this date and year.

FOR UESILIANA JUNIOR HIGH SCHOOL:

_____	Signature
Samuelu Tupu Folasa	Name
Headmaster	Title
_____	Date

FOR THE GOVERNMENT OF WESTERN SAMOA:

_____	Signature
_____	Name
_____	Title
_____	Date

Robert V. Craig, Sr.
Regional Development Officer
Agency for International Development

(Date)

Concurrence:

Armistead I. Selden, Jr.
U.S. Ambassador

(Date)

Annex C
AIP Africa



UNCLASSIFIED
Department of State

OUTGOING
TELEGRAM

Guidance

PAGE 01 OF 04 STATE 018130
ORIGIN AID-35

6027

STATE 018130

INFO OCT-09 /035 R

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AFR/RA: EGRUOFF (DRAFT)
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E.O. 12865: N/A

TAGS:

SUBJECT: ACCELERATED IMPACT PROGRAM (AIP) PROJECT 698-0410 GUIDANCE

REF: KINSHASA 0623

1. IN RESPONSE REFFTEL, AIP GUIDANCE CABLES ARE REPEATED
HEREIN AS FOLLOWS:

- - A. (77) STATE 070354

SUBJECT: ACCELERATED IMPACT PROGRAM (AIP) PROJECT 698-0410

1. THE PURPOSE OF THIS CABLE IS TO ANNOUNCE THE CONTINUA-
TION AND GEOGRAPHICAL EXPANSION OF THE AIP IN FY 1977 AND
FY 1978, AND TO PROVIDE GUIDANCE ON REVISED AIP CRITERIA,
DOCUMENTATION AND PROCEDURES.

2. BACKGROUND - AIP BEGAN IN FY 1976 UNDER THE SAHEL
RECOVERY AND REHABILITATION PROGRAM (R AND R) TO FACILITATE
IMPLEMENTATION OF SMALL-SCALE PRIMARILY RURAL ACTIVITIES
NOT CALLING FOR THE EXTENSIVE DESIGN REQUIREMENTS OF MORE
TECHNICALLY COMPLEX, HIGH-DOLLAR VALUE PROGRAMS. ITS
"PURPOSE" WAS AND WILL CONTINUE TO EMPHASIZE DEVELOPMENT OF
LOW-COST AGRICULTURAL TECHNOLOGY; EXPANSION OF INCOME OF
SMALL, PRIMARY PRODUCERS; PROMOTION OF RURAL PUBLIC HEALTH
MEASURES; ENCOURAGEMENT OF ACTIVITIES IN NON-FORMAL EDUCA-
TIONAL ASSISTANCE TO ENHANCE THE CAPABILITY OF THE RURAL
POPULATIONS TO PREPARE THEMSELVES TO CARRY OUT PRODUCTIVE
ACTIVITIES.

3. EXPANDED PROGRAM FOR FY 1977 AND BEYOND - IN FY 1977
AND BEYOND, AIP WILL BE AVAILABLE NOT ONLY TO THE SAHEL BUT
ALSO TO OTHER AFRICAN COUNTRIES IN WHICH BILATERAL A.I.D.
DEVELOPMENT ASSISTANCE PROGRAMS ARE CURRENTLY OPERATING.
EFFORTS RELATED TO THE ABOVE PURPOSE WILL CONCENTRATE ON
EXPERIMENTAL, PILOT AND/OR START-UP ACTIVITIES FALLING
GENERALLY WITHIN A.I.D. AREAS OF INTEREST. THEY SHOULD NOT
BE SIMPLY LONG TERM DESIGN ACTIVITIES BUT SHOULD HAVE CON-
CRETE IMPACT WITH SPECIFIC PROJECT OUTPUTS. ACTIVITIES
MAY INCLUDE TECHNICAL ASSISTANCE, PROCUREMENT, CONSTRUCTION,
ETC., BUT SHOULD NORMALLY BE IMPLEMENTED QUICKLY USING
PRIMARILY LOCAL RESOURCES AND MISSION CONTRACTING AUTHORITY
WITH LIMITED AID/W BACKSTOPPING. LOP COSTS ARE PLANNED TO
APPROXIMATE DOLS 100,000 TO DOLS 300,000 (POSSIBLY DOLS
500,000 WITH ADEQUATE JUSTIFICATION), NORMALLY FOR UP TO
24 MONTHS. THE PROGRAM WILL BE MONITORED BY THE OFFICE OF

REGIONAL AFFAIRS (AFR/RA) WITH INPUTS FROM A PROJECT COM-
MITTEE WHICH WILL BE RESPONSIBLE FOR REVIEWING AND MAKING
RECOMMENDATIONS TO AA/AFR ON EACH SUBMISSION. THE OYB
FOR FY 1977 IS DOLS TWO MILLION ON AN AFRICA-WIDE BASIS,
WITH A PROPOSED INCREASE IN FY 1978 TO DOLS SIX MILLION.
PROPOSALS PROCESSED BUT NOT APPROVED IN FY 1977 BECAUSE OF
LIMITED FUNDING AVAILABILITIES CAN BE APPROVED AND READIED
FOR OBLIGATION EARLY IN FY 1978. THIS PROJECT MAY NOT
REPEAT NOT BE USED FOR PROGRAM DEVELOPMENT AND SUPPORT
ACTIVITIES.

4. CRITERIA FOR SELECTION OF INDIVIDUAL ACTIVITIES -
SELECTION OF INDIVIDUAL ACTIVITIES WILL BE BASED ON THE
FOLLOWING CRITERIA:

- - A. EXPERIMENTAL PILOT START-UP NATURE -- ACTIVITIES
WHICH (1) LEAD TO MORE COMPREHENSIVE CHANGE IN EXISTING
CONDITIONS; (2) ENCOURAGE LOCAL PARTICIPATION AND SELF-
HELP IN DEFINING NEW LEARNING SYSTEMS RELEVANT TO LOCAL
CONCERNS IN AN ATTEMPT TO REACH SIGNIFICANT NUMBERS OF
RURAL PEOPLE; (3) PROVIDE RURAL PEOPLE WITH ADDITIONAL
SKILLS, INFORMATION, AND KNOWLEDGE AND OTHER INPUTS TO
INCREASE THEIR INCOMES AND IMPROVE THEIR WELL BEING; (4)
PROVIDE AN OPPORTUNITY TO INTRODUCE NEW TECHNOLOGY ON A
TRIAL BASIS UNTIL A PARTICULAR ACTIVITY PROVES SUCCESSFUL.

- - B. ACTIVITIES ARE DIRECTED PRIMARILY AT SMALL, LOW
INCOME FARMERS, HERDERS, ARTISANS, LABOR INTENSIVE INDUS-
TRY AND SERVICE WORKERS IN VILLAGES, MARKET TOWNS AND SMALL
RURAL CITIES. THE TARGET GROUP SHOULD BE SPECIFICALLY
IDENTIFIED FOR EACH SUB-PROJECT.

- - C. ACTIVITIES DIRECTLY ASSIST IN RAISING PRODUCTIVITY
AND INCOMES OF RURAL POPULATIONS.

5. SIMPLIFIED DOCUMENTATION REQUIREMENTS - A DISTINGUISH-
ING FEATURE OF AIP IS THE POTENTIAL FOR RAPID RESPONSE TO
DEVELOPMENT OPPORTUNITIES WHICH ARISE QUICKLY IN COOPERA-
TING COUNTRIES. IT IS IMPORTANT TO DIFFERENTIATE AIP
DOCUMENTATION FROM THE NORMAL PROGRAMMING PROCESS. THIS
GUIDANCE SUPERSEDES PREVIOUS AIP IMPLEMENTATION PROCEDURES.

- - A. SUMMARY OF DOCUMENTATION NEEDS - SPECIFIC DOCUMEN-
TATION WILL BE AS FOLLOWS:

- ACTIVITY IDENTIFICATION CABLE (AIC) -- 1 OR 2 PAGES
PREPARED BY USAID.

- ACCELERATED ACTIVITY PAPER (AAP) -- 8-12 PAGES PREPARED
BY USAID PURSUANT TO AID/W COMMENTS ON AIC.
- PREPARED BY EITHER AID/W, REDSO OR USAID.

- - B. OTHER DOCUMENTATION CONSIDERATIONS:

- ADVICE OF PROGRAM CHANGE TO CONGRESS -- PREPARED BY
AID/W.

- COMMODITY PROCUREMENT AND PROCUREMENT WAIVERS -- PROVI-
DED FOR BY THE USAID IN THE AAP.

- HOST COUNTRY CONTRIBUTION -- INCLUDED IN THE AAP AND THE
GRANT AGREEMENT.

- OTHER STATUTORY REQUIREMENTS -- AS REQUIRED.

- - C. ADDITIONAL DOCUMENTATION GUIDANCE:

- ACTIVITY IDENTIFICATION CABLE (AIC) -- THIS DOCUMENT IS
A BRIEF ONE OR TWO PAGE CABLE WITH SUMMARY ACTIVITY DES-

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Department of State

OUTGOING
TELEGRAM

PAGE 02 OF 04 STATE 018130

STATE 018130

DESCRIPTION AND AMOUNT (SHORT STATEMENT OF PURPOSE, OUTPUTS, INPUTS, AND LOP BUDGET) TO BE SUBMITTED AT ANY TIME DURING THE FISCAL YEAR. UPON RECEIPT OF THE AIC, AID/W WILL HAVE 15 CALENDAR DAYS TO RESPOND, EITHER TO REJECT THE PROPOSAL

OR TO ADVISE THE FIELD THAT THE ACTIVITY APPEARS TO CONFORM TO AIP CRITERIA AND TO HIGHLIGHT ANY AID/W CONCERNS WHICH NEED PARTICULAR CONSIDERATION AND EMPHASIS IN THE FORMAL SUBMISSION. THE AIC SHOULD INCLUDE A STATEMENT THAT THE USAID HOST GOVERNMENT AND/OR REDSO WILL CARRY OUT THE DESIGN OR REQUEST ASSISTANCE WITH THE AAP DESIGN, AS APPROPRIATE.

- ACCELERATED ACTIVITY PAPER - AT THE END OF THE 15 DAY PERIOD AFTER RECEIPT OF THE AIC, UNLESS AID/W REJECTS THE PROPOSAL, THE FIELD MAY PREPARE AND SUBMIT AN ACCELERATED ACTIVITY PAPER (AAP). THE CONTENT OF THE AAP WILL INCLUDE THE FOLLOWING:

- (A) PROJECT BACKGROUND
 - (B) PROJECT DESCRIPTION (INCLUDING GOAL, PURPOSE, OUTPUTS, INPUTS)
 - (C) TECHNICAL ANALYSIS (INCLUDES ENVIRONMENTAL CONSIDERATIONS)
 - (D) FINANCIAL ANALYSIS AND PLAN
 - (E) ECONOMIC ANALYSIS
 - (F) SOCIAL ANALYSIS
 - (G) IMPLEMENTATION PLANNING
- 1. ADMINISTRATION ARRANGEMENTS (INCLUDING LOCAL CAPABILITY TO CARRY OUT PROJECT)
- 2. IMPLEMENTATION PLAN (INCLUDING SKELETON PPT WHERE USEFUL)
- 3. EVALUATION PLAN
- 4. CONDITIONS, COVENANTS AND NEGOTIATING STATUS

THE AAP WILL BE AN ABBREVIATED DOCUMENT PRESENTING A "REVISEABLE" PROPOSAL PERMITTING AFR TO MAKE A ONE-TIME APPROVAL OR DISAPPROVAL BASED ON THIS SUBMISSION. THE AAP MUST BE OF SUFFICIENT EXPOSITORY DETAIL TO COVER IN BRIEF, FOR AID/W REVIEW AND ANALYTICAL PURPOSES, THE GOAL, PURPOSE SCOPE OF WORK, TIME FRAME AND PLANNED OUTPUTS AS WELL AS IMPLEMENTING AGENT FOR THE ACTIVITY, OTHER DONOR INPUTS, WHERE APPLICABLE, AND A BUDGET. THIS DETAILED

ACTIVITY PLANNING AND DESIGN WOULD BE INCLUDED IN THE AAP. THE AAP SHOULD ALSO DESIGNATE THE RESPONSIBLE PROJECT OFFICER IN THE MISSION AND IN THE HOST COUNTRY.

THE LENGTH OF THE AAP DOCUMENT WOULD GENERALLY BE IN THE RANGE OF 8 - 12 SINGLE SPACED PAGES BUT THE ACTIVITIES ARE TO BE JUDGED BY THE QUALITY OF THE ANALYSIS RATHER THAN LENGTH. IF THE PROJECT DESIGNERS UNDERSTAND THE ACTIVITY AND HAVE A CLEAR CONCEPTION OF IT, THE REQUIREMENTS ASKED FOR HEREIN SHOULD POSE NO GREAT BURDEN. IF THERE IS A FUZZY NOTION OF THE PROPOSAL THE ADDITIONAL ANALYTICAL REQUIREMENTS SHOULD TEND TO SERVE AS A GUIDE TO CLARIFY THE ACTIVITY DESIGN. THIS IS ESPECIALLY IMPORTANT AS A COLLATERAL AIM OF THE PROGRAM IS TO PROVIDE RESULTS WHICH PAVE THE WAY FOR A MUCH LARGER FLOW OF RESOURCES.

- GRANT AGREEMENT -- THIS AGREEMENT IS THE OBLIGATING DOCUMENT. IT SETS FORTH IN DETAIL THE TERMS AND CONDITIONS APPLICABLE TO THE USE OF ANY U.S.G. FUNDS. A FORMAT OF THE AGREEMENT TO BE NEGOTIATED WITH THE RECIPIENT GOVERNMENT IS PROVIDED IN HANDBOOK 3, CHAPTER 10, APPENDIX A-2 OR A-4, AS APPROPRIATE. (TRANSMITTED BY CIRC A-503 DATED 9/11/76) (FOR SAMEL POSTS: OBLIGATING GRANT AGREEMENT WILL REPLACE ACTIVITY IMPLEMENTATION LETTERS IN ORDER OBTAIN STANDARD FORMAT; PLEASE ADVISE IF THIS CAUSES A PROBLEM IN CONTEXT EXISTING NON-OBLIGATING AIP GRANT AGREEMENTS).

- CONGRESSIONAL NOTIFICATION -- IN FY 1977, CONGRESSIONAL NOTIFICATION PURSUANT TO THE FAA APPROPRIATIONS ACT WILL BE REQUIRED FOR EACH INDIVIDUAL ACTIVITY. AS SOON AS AN ACTIVITY IS APPROVED, AID/W WILL PROCEED WITH NOTIFICATION, AUTHORIZE THE MISSION TO PREPARE GRANT AGREEMENT, AND INITIATE STEPS FOR THE ADVISE OF ALLOTMENT. THE MISSION SHOULD NOT SIGN THE GRANT AGREEMENT UNTIL THE 15 DAY CONGRESSIONAL NOTIFICATION PERIOD HAS EXPIRED.

- SECTION 611 -- THIS SECTION NOW APPLIES SINCE REGULAR DA PROGRAM FUNDS ARE BEING USED. IT REQUIRES COMPLETION OF ENGINEERING, FINANCIAL OR OTHER PLANS, AND REASONABLY FIRM ESTIMATE OF THE COST TO THE U.S.G. OF PROVIDING SUCH ASSISTANCE PRIOR TO OBLIGATION OF FUNDS FOR ANY ACTIVITY COSTING OVER DOLS 100,000. PLANNING MUST BE SUFFICIENT, WITH RESPECT TO EACH COMPONENT OF A PROJECT (ACTIVITY) TO IDENTIFY WHAT IS TO BE DONE, WHEN, WHERE, HOW AND AT WHAT COST. SECTION 611(A) PLANNING SHOULD RELATE TO THE MANNER IN WHICH THE PRIMARY PURPOSE OF THE ASSISTANCE WILL BE ACCOMPLISHED. WE DO NOT ANTICIPATE THAT COMPLIANCE WILL CAUSE ANY GREAT DIFFICULTIES OR DELAYS IN IMPLEMENTATION.

MISSIONS SHOULD BE ABLE TO PREPARE THE NECESSARY PLANS AND ESTIMATES EITHER THROUGH THEIR OWN STAFF OR WITH THE ASSISTANCE OF THE REDSO OFFICES IN ABIDJAN AND NAIROBI.

- PROCUREMENT PROCEDURES -- SOURCES OF PROCUREMENT GENERALLY AUTHORIZED FOR GRANT FINANCING ARE U.S. AND LOCAL (FOR COMMODITIES MINED, GROWN OR PRODUCED IN THE RECIPIENT COUNTRY OR SHELF ITEMS AS DEFINED AND LIMITED IN CHAPTER 11 OF HANDBOOK 15). IT WILL BE NECESSARY TO JUSTIFY WAIVERS FOR OTHER SOURCES OR ORIGIN, WHEN APPROPRIATE, ON THE BASIS THAT EXCLUSION OF THE PROPOSED PROCUREMENT IS NECESSARY TO THE ATTAINMENT OF U.S. FOREIGN POLICY OBJECTIVES OF THE FOREIGN ASSISTANCE PROGRAM IF THE WAIVER IS FOR CODE 941 COUNTRIES. FOR WAIVERS TO CODE 935, THE CERTIFICATION REQUIRED IS THAT EXCLUSION OF PROCUREMENT FROM THE SOURCES REQUESTED IN THE WAIVER WOULD SERIOUSLY IMPEDE ATTAINMENT OF U.S. FOREIGN POLICY OBJECTIVES AND THE OBJECTIVES OF THE FOREIGN ASSISTANCE PROGRAM. CURRENT AID POLICY REGARDING WAIVERS, DESCRIBED AT PAGE 2-8 THROUGH 2-12 OF HANDBOOK 15, MAY BE SUMMARIZED AS FOLLOWS:

- 1. DIRECTORS, INCLUDING CDOs AND RDOs, MAY ISSUE WAIVERS EXCEPT FOR MOTOR VEHICLES, FOR PROCUREMENT NOT EXCEEDING DOLS 25,000 PER TRANSACTION;
- 2. AA/AFR MAY ISSUE WAIVERS FOR PROCUREMENT NOT EXCEEDING DOLS 100,000 PER TRANSACTION;
- 3. A/AID ISSUES WAIVERS FOR PROCUREMENT EXCEEDING DOLS 100,000 PER TRANSACTION.

NOTE THE SHELF ITEM RULE, PAGE 11-2 OF HANDBOOK 15 AUTHORIZES PROCUREMENT OF CODE 935 COMMODITIES AS SHELF ITEMS UP TO DOLS 2,500 PER TRANSACTION.)

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SINCE AIP ACTIVITIES IN FY 1977 ARE EXPECTED TO RANGE BETWEEN DOLS 100,000 AND DOLS 300,000, REQUIREMENTS FOR NON U.S. AND NON-LOCAL SOURCE PROCUREMENT SHOULD BE ACCOMMODATED, WHEN JUSTIFIED, UNDER MISSION DIRECTOR WAIVER AUTHORITY (DOLS 25,000) AND A SMALL NUMBER PERHAPS, UNDER THE AA/AFR WAIVER AUTHORITY (DOLS 100,000). MISSIONS SHOULD THEREFORE INCLUDE IN THE AAP SUBMISSION A JUSTIFICATION FOR WAIVER REQUESTS IN EXCESS OF DOLS 25,000. THESE REQUIREMENTS SHOULD BE NOTED DURING THE AAP REVIEW AND THE REQUEST FOR AA/AFR WAIVERS SHOULD BE PROCESSED AS EXPEDITIOUSLY AS POSSIBLE DURING THE AID/W REVIEW AND APPROVAL PROCESS.

- HOST COUNTRY CONTRIBUTIONS -- FOR AIP ACTIVITIES FINANCED UNDER FY 77 REGULAR PROGRAM FUNDS, THE FAA SECTION 110(A) REQUIREMENTS FOR 25 PERCENT HOST COUNTRY CONTRIBUTIONS APPLIED WHERE ACTIVITIES ARE BILATERAL IN NATURE. THIS PROVISION DOES NOT APPLY TO ACTIVITIES WHICH ARE AUTHENTICALLY MULTILATERAL, REGIONAL OR INTERREGIONAL PROGRAMS. THIS REQUIREMENT MAY BE WAIVED FOR AIP ACTIVITIES IN THE RELATIVELY LEAST DEVELOPED COUNTRIES BASED ON THE UNCTAD LIST. (SEE CIRCULAR AIRGRAM A-682, DATED DECEMBER 23, 1976 AND HANDBOOK 3, APPENDIX 3D.) AAP SUBMISSIONS WILL NEED TO INDICATE COMPLIANCE WITH SECTION 110(A) PROVISIONS. THE WAIVER AUTHORITY MAY BE EXERCISED ONLY BY THE ASSISTANT ADMINISTRATOR OR THE DEPUTY ASSISTANT ADMINISTRATOR.

- OTHER STATUTORY REQUIREMENTS -- THE A.I.D. PROJECT STATUTORY CHECKLIST, ISSUED AS APPENDIX 6C OF HANDBOOK 3, WILL BE APPLICABLE TO AIP ACTIVITIES. SOME OF THE STATUTORY CRITERIA ARE APPLICABLE ONLY TO LOANS AND LARGE GRANT PROJECTS. NEVERTHELESS, MISSIONS SHOULD CONSULT THE HANDBOOK CHECKLIST TO ASSURE COMPLIANCE WITH STATUTORY REQUIREMENTS. IT WILL NOT, HOWEVER, BE NECESSARY TO ATTACH A COMPLETED STATUTORY CHECKLIST TO THE AAP SUBMISSIONS. IF QUESTIONS ARISE, MISSIONS MAY WISH TO SEEK CLARIFICATION FROM AID/W.

6. WE BELIEVE THAT THE AIP WILL ENABLE FIELD POSTS TO PROCESS REQUESTS FOR ASSISTANCE MORE RAPIDLY THAN THROUGH THE NORMAL PROJECT APPROVAL PROCEDURES. THE PROCESS FOLLOWS THAT USED FOR THE ACCELERATED RURAL LEARNING AND WOMEN IN DEVELOPMENT PROJECTS IN THE BUREAU WHICH WE BELIEVE HAVE BEEN GENERALLY SATISFACTORY IN THEIR OPERATION. WE REALIZE THE PROCEDURES DO NOT GIVE AS MUCH FLEXIBILITY AND RESPONSIBILITY TO FIELD POSTS AS YOU MAY DESIRE. HOWEVER, WE BELIEVE THE PROCESS IS WORKABLE IN FY 1977 AND WE ENCOURAGE POSTS WHO WISH TO SUBMIT AIC TO DO SO IN ACCORDANCE WITH THE GUIDANCE OUTLINED ABOVE. WE WILL KEEP THE PROGRAM UNDER REVIEW AND MAY BE ABLE TO DELEGATE MORE RESPONSIBILITY IN FY 1978.

7. AFR/RA WILL COORDINATE AID/W ACTION AND THEREFORE CORRESPONDENCE ON THIS PROJECT SHOULD BE DESIGNATED: ATTENTION AFR/RA. ADDITIONAL GUIDANCE ON OBLIGATION ACTIONS, ETC., WILL BE FORWARDED AT A LATER DATE.

-- B. (77) STATE 268068 (8 NOVEMBER 77)

SUBJECT: A.I.P. GUIDANCE FY 1978 - PROCEDURES FOR DA BILATERAL PROGRAMS

1. NOW THAT AGENCY PERMITS FIELD TO REVIEW AND APPROVE PROJECTS OF DOLS 500,000 OR LESS LIFE OF PROJECT FUNDING, QUESTION HAS ARISEN AS TO WHAT EFFECT, IF ANY, THIS DELEGATION OF AUTHORITY WILL HAVE ON A.I.P. PROGRAM.

2. THE CONCEPT OF A.I.P. IS A MEANS FOR ENCOURAGING

TESTING AND EXPERIMENTATION IN RURAL DEVELOPMENT AND THE CRITERIA ESTABLISHED IN REF A REMAINS VALID, EXCEPT THAT AIC'S AND AAP'S ARE NO LONGER REQUIRED AND ARE REPLACED BY PID'S AND ABBREVIATED PP'S AS SET FORTH IN HANDBOOK 3. SPECIFICALLY, A.I.P. CONTINUES TO PROVIDE FUNDS ON A QUICK REACTION BASIS FOR EXPERIMENTAL, PILOT, AND START-UP ACTIVITIES WHICH:

-- A. ENCOURAGE LOCAL/RURAL PARTICIPATION AND SELF-HELP, OFTEN WORKING THROUGH LOCAL INSTITUTIONS.

-- B. REACH SIGNIFICANT NUMBERS OF RURAL PEOP LE.

-- C. PROVIDE RURAL PEOPLE WITH PRODUCTIVE SKILLS, INFORMATION, AND KNOWLEDGE.

-- D. INTRODUCE NEW TECHNOLOGY SUCH AS SOLAR ENERGY.

3. ACTIVITIES ARE DIRECTED TOWARD SMALL FARMERS, HERDERS, ARTISANS, AND SERVICE WORKERS IN VILLAGE AND MARKET TOWNS - TARGET POPULATIONS ARE TO BE IDENTIFIED, SPECIFICALLY, THE POOR MAJORITY. TO FACILITATE ACHIEVEMENT THESE OBJECTIVES, BUREAU MAINTAINING SEPARATE BUDGET LINE FOR A.I.P. ACTIVITIES WHICH WILL BE AVAILABLE THROUGHOUT FISCAL YEAR. NO SEPARATE BUDGET AVAILABLE FOR OTHER UNDER DOLS 500,000 PROJECTS.

4. THE MAJOR DIFFERENCE BETWEEN A.I.P. PROJECTS AND REGULAR PROJECTS 500,000 DOLS OR UNDER IS THE MORE RESTRICTIVE CRITERIA FOR SELECTION OF A.I.P. PROJECTS (ABOVE) AND THE RECOGNITION THAT IN MOST INSTANCES IT WILL NOT BE POSSIBLE TO IDENTIFY A.I.P. ACTIVITIES FAR ENOUGH IN ADVANCE TO INCLUDE THEM AS SPECIFIC ITEMS IN THE C.P. IT IS THE AGENCY'S INTENTION TO HAVE REGULAR PROJECTS 500,000 DOLS OR UNDER IDENTIFIED PRIOR TO OR AT THE TIME OF THE ABS SUBMISSION AND IDENTIFIED IN THE C.P., THE SAME AS OTHER PROJECTS FOR WHICH APPROPRIATIONS ARE BEING

REQUESTED. IN BOTH CASES PID'S ARE REQUIRED TO BE SUBMITTED TO AID/W FOR APPROVAL. THE PREPARATION AND APPROVAL OF THE PROJECT PAPER, CONCISE AS NECESSARY CONSISTENT WITH THE PROJECT, IS THE RESPONSIBILITY OF THE RESPONSIBLE FIELD OFFICER. FOR BOTH, HANDBOOK 3 SHOULD BE USED AS A GUIDE FOR THE CONTENT OF THE PROJECT PAPER.

5. REF A SUGGESTS MINIMUM CONSIDERATION FOR AN ADEQUATE A.I.P. PROJECT PAPER; ALSO MAY BE USED AS A GUIDE FOR REGULAR PROJECTS 500,000 DOLS OR UNDER. DECISION ON ADEQUACY OF THE PROJECT PAPER IS THE RESPONSIBILITY OF THE APPROVING OFFICER IN THE FIELD. FIELD OFFICES WILL FORWARD ALL APPROVED A.I.P. PROJECT PAPERS TO AFR/RA, THE OFFICE RESPONSIBLE FOR ADMINISTERING AND EVALUATING THE PROJECT. COPIES OF OTHER PP'S FOR FIELD APPROVED PROJECTS WILL BE SUBMITTED TO AFR/DP. NOTE: AFR AND THE DEPUTY ADMINISTRATOR WISH TO RECEIVE COPIES OF ALL PP'S FOR POST APPROVAL REVIEW.

6. DELEGATIONS OF AUTHORITY CONTAINED IN REF B ARE APPLICABLE TO BOTH A.I.P. AND REGULAR PROJECTS 500,000 DOLS OR UNDER. THEY DO NOT CHANGE EXISTING LIMITATIONS ON WAIVERS THAT MAY BE REQUIRED ON PROCUREMENT, CONTRIBUTIONS, ETC. SEPARATE REQUESTS, WHERE REQUIRED, SHOULD BE SUBMITTED PRIOR TO PROJECT APPROVAL.

7. IN EUM, FY 78 A.I.P. PROCEDURES ARE AS FOLLOWS:

-- A. FIELD SUBMITS PID, TOGETHER WITH IEE.

-- B. AID/W REVIEWS PID, IEE, AND ADVISES APPROVAL BY

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CABLE WITH ANY COMMENTS TO BE USED BY FIELD IN PREPARATION OF PP.

- - C. FIELD SUBMITS WAIVERS, AS REQUIRED, AND CONGRESSIONAL NOTIFICATION TO AID/W FOR APPROVAL.
- - D. FIELD APPROVES PP, POUCHING 5 COPIES TO AFR/RA.
- - E. AID/W CABLES FIELD OF EXPIRATION CONGRESSIONAL NOTIFICATION PERIOD AND PROVIDES CABLE ALLOTMENT OCCURRING WITH STEP D1.
- - F. ON RECEIPT OF CABLES STEP E, FIELD SIGNS AGREEMENT OBLIGATING FUNDS.
- - G. FIELD POUCHES 5 SIGNED COPIES OF AGREEMENT TO AFR/RA.

B. REF B ON ASSIGNMENT OF FIELD AUTHORITIES NOW APPLIED TO ALL PROJECTS UNDER 500,000 DOLS.

END OF STATE 266888.

2. THESE CABLES TOGETHER CONSTITUTE LATEST GUIDANCE ON ACCELERATED IMPACT PROGRAM. VANCE

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AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT PAPER FACESHEET

TRANSACTION CODE

A ADD
 C CHANGE
 D DELETE

PP

1. DOCUMENT CODE
3

7. COUNTRY ENTITY

Africa Regional (TOGO)

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 digits)

698-0410.18

6. BUREAU/OFFICE

A. SYMBOL [] B. CODE []

7. PROJECT TITLE (Maximum 40 characters)

TOGO ANNUAL TRACTION A.I.P.

8. ESTIMATED FY OF PROJECT COMPLETION

81

9. ESTIMATED DATE OF OBLIGATION

A. INITIAL FY 719 B. QUARTER 2
 C. FINAL FY 719 (Enter 1, 2, 3 or 4)

10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$)

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L.C.	D. TOTAL	E. FX	F. L.C.	G. TOTAL
AID APPROPRIATED TOTAL						
GRANT	197	303	500	197	303	500
LOAN	-	-	-	-	-	-
OTHER 1. Peace Corps, etc.	-	-	-	-	-	-
OTHER 2.	-	-	-	-	-	-
HOST COUNTRY		125	125		125	125
OTHER DONOR(S)						
TOTALS						

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH CODE		E. 1ST FY		H. 2ND FY		K. 3RD FY	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) FN	142(120)	070		500					
(2)									
(3)									
(4)									
TOTALS									

A. APPROPRIATION	N. 4TH FY		O. 5TH FY		LIFE OF PROJECT		12. IN-DEPTH EVALUATION SCHEDULED
	P. GRANT	Q. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1)							MM YY 1/28/0
(2)							
(3)							
(4)							
TOTALS							

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PIO FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PIO FACESHEET

1 - NO
 2 - YES

14. ORIGINATING OFFICE CLEARANCE

15. DATE DOCUMENT RECEIVED IN AID/9 OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

SIGNATURE

Jay P. Johnson

Jay P. Johnson

TITLE

Director
 USAID/Niger

DATE SIGNED

2/30/79

MM DD YY

MM DD YY

Accelerated Impact Program

TOGO ANIMAL TRACTION

I. Project Background

The Kara region of north-central Togo has a population of approximately 250,000 inhabitants. There are an estimated 32,000 farms in the four district economic zone, of which more than 90% are composed of less than 2 hectares of cultivated land. With an average on-farm family size of seven people, food production is a major issue.

The Kara region has and is engaged in a number of varied activities directed towards increasing food production and augmenting farm incomes in the region. Nevertheless, food production and income levels remain low, particularly among rural small farmers. Using estimates from the ORPV (regional farm extension agency) agricultural statistics service, farm family annual gross incomes are about 85 dollars per year. Efforts to introduce animal traction in the region have been hampered by lack of resources and organization. They have and are currently being confused by various donors' activities which have different approaches to the organization of an animal traction system and which are directed at different target populations. Throughout the experiences of these activities, there has been a lack of coordination at the regional level and no one activity seems to have a well-integrated system in mind to propose to small farmers in the region.

The Peace Corps-ORPV sponsored animal traction activity has, on a small scale, directed its efforts to date towards those rural populations which have largely been unable to participate in other La Kara region donor supported programs. Peace Corps has attempted to work with very modest resources. When introducing a new agricultural technology for small farmers, adequate concern and resources must be directed towards those infrastructures which will provide the supporting services to the new technology and the farmers who adopt it. No organization working in the region on the introduction of animal traction has done this and in the case of the Peace Corps effort, the lack of resources is certainly a major obstacle. Like the other activities, the Peace Corps activity also seems to have lacked an integrated program, a well-defined technical package, as well as a rational system of agricultural credit which would permit the farm families in the target population to make the necessary financial investments in the new agricultural technology.

The role that has been played by the ORPV has in part been hindered by a lack of: (1) resources, (2) organization, (3) an understanding of what is involved in introducing and supporting animal traction, and perhaps most importantly, (4) a lack of commitment by the GOT to the concept as a potentially growth-oriented development option.

The lack of active and informed commitment to animal traction is a result of a sustained national orientation towards motorized mechanization of agriculture and even more fundamentally, as has been well

underscored in the Development Assistance Program for Togo (DAP), a national commitment to the capitalization of the economy and in particular the agricultural economy. By its very nature, such a policy excludes the majority of the agricultural population, the poor rural small farmer. It has also required significant costs to the national government. Motorized land preparation has enjoyed, until this year, an 85% GOT subsidy. Given these policy orientations, a lack of resources and a poor understanding of what installing animal traction technology entails, the ORPV in the past has not exerted a coordinating influence on the animal traction efforts undertaken in the region. There are indications that given adequate resources, the ORPV is prepared to make a serious and concerted commitment to the extension of animal traction in the region.

Subsidies on tractor rental have been seriously reduced this year (down to about 50%) and it is generally recognized that very few small farmers can manage to pay the new rental fee (12,000 CFA per hectare) for plowing. The other donor activities, the inadequacies in their programs' design notwithstanding, have made animal traction an integral component of their activity. Furthermore, the apparent success of animal traction in neighboring countries has provided agricultural technicians in Togo with increasingly believable evidence as to the appropriateness of animal traction technology for rural small farmers.

Animal traction in the Kara region has lacked a thorough systematic conceptualization, a standardized and consistent method of implementation, and a concerted commitment by national institutions to this choice of agricultural technology. Past experiences with motorized mechanization, the opinions of the donor community and economic realities have combined to stimulate a shift in this policy orientation.

The proposed AIP funding for the Kara region can provide the necessary resources and the stimuli to the ORPV to undertake an active and coordinating role in the establishment of a system which could provide access to animal traction technology for a major portion of the region's small farmers and provide it on a standardized and regional-wide basis. The purpose of this AIP is to test an appropriate technology on a larger scale for possible replication on a national scale.

II. Project Description

A. Project Goals

The proposed project will provide the means and incentive to establish regional systems promoting adoption of animal traction technology by small farmers. The adoption of animal traction will contribute to increased agricultural production and incomes for small farmers.

B. Project Purposes

1. To enable small farmers (60-80 farmers within the two years of the project and an additional 90 during the course of follow-on activities) to expand the effective area of agricultural production from less than 2 hectares to 5 hectares per farm-family site.

2. To realize concomitant increases in food and cash crop production per farm and increased incomes for small farmers.

C. Project Outputs (over the life of project)

1. Sixty to eighty teams of oxen will be trained for animal traction on small farms.

2. A minimum of 60-80 farmers will be trained in animal traction techniques and cattle husbandry.

3. The physical plant of the animal traction center at Agbassa will be expanded to permit it to serve as the sole agent of purchase and distribution of oxen for all animal traction activities in the Kara region and to be the area's primary center of animal traction training and support services.

4. The animal traction center will conduct a minimum of two retraining programs of two weeks duration for approximately 140 ORPV extension agents in the four district economic zone of La Kara.

5. A revolving credit fund will be established to finance the purchase of oxen and agricultural implements and other inputs for the participating farmers.

6. Five animal traction subsites will be established for both demonstration purposes and to serve as an immediate resource base for animal traction farmers.

7. Local level agricultural extension agents (encadreurs), ten oxen trainers, thirty blacksmiths, and sub-sector level veterinary agents, will receive training through on-job or short-term training courses.

D. Project Inputs

The proposed project will facilitate and sustain the adoption of animal traction by providing the financial, technical and administrative resources necessary to permit local institutions to (1) provide appropriate extension advice, (2) establish accessible credit systems for animals and equipment, (3) insure adequate veterinary care, and (4) facilitate the harmonization of animal traction activities throughout the Kara region. A basic principle in the design of this activity is that the system must become self-sustaining and that the role of the AIP funding is to stimulate the emergence of systems which will establish that capacity.

1. Training

Local institutions should have the knowledge, skills and responsibility to independently encourage, introduce and sustain animal traction in the region. The role of the center at Agbassa will be given additional importance beyond its present function as a training site for cattle and individual farmers. It will serve as a training site for village level agriculture agents, veterinary agents and artisans who can then provide the necessary knowledge, resources and skills at the local level.

ORPV personnel may be sent to observe similar programs in Benin and other West African countries.

a. Local level agriculture extension agents (encadreurs)

The training of "encadreurs" in general is very superficial and particularly negligible in animal traction. It is incumbent on the ORPV to impress upon the "encadreurs" that the extension of animal traction is as an integral aspect of their responsibilities as encouraging respect for planting dates or commercialization activities. To assist the ORPV in this direction, the project will establish two week training programs for all "encadreurs" in the region in each project year. The training program will involve both practical and theoretical activities: ox-handling, equipment maintenance and adjustment, utilization of the credit systems, appropriate crop rotation systems, the basics of animal and equipment care, etc.

b. Oxen trainers

To date the training of oxen has been done primarily at animal traction centers by most of the programs in the region. Such a policy isolates the training activity from the farmer's own environment -- his village. Training oxen in the village can provide a valuable demonstration to neighbors that unbroken oxen can be trained. The project intends to train ten oxen trainers during the two year life of project, each for a period of two months. These trainers will assist farmers to train oxen on their own farms. First year training costs will be borne by the GOT and payment for oxen training in the second year will be arranged between the farmer and the oxen trainer. It is likely that these oxen trainers will be some of the farmers who have already adopted animal traction. The program for oxen trainers should go beyond the straight forward techniques of training oxen and include the adjustment of tools, basic animal care, stable construction, possible dry season feeding techniques and the like.

c. Artisans

It will be necessary, in the long run, to envisage a local capacity to produce animal traction equipment. However, in this early phase, primarily due to the low numbers of animal traction farmers,

creating a manufacturing capacity can not be economically justified. Instead, the project supports the creation of a local capacity to repair equipment and produce spare parts. The center will train 30 blacksmiths to work on animal traction equipment in groups of five at a time for six weeks. A credit system will be available to assist these artisans in acquiring improved tools to work with. It is underlined that the skills reached are not limited to working on animal traction equipment but can be utilized in a wide range of activities at the local level. In this context, the center will also have two welding sets on which these artisans will receive instruction.

d. Local veterinary agents

At the subsector level in the Kara region, the skill level of veterinary agents is inadequate. As the project will be assisting the region in assuring the health of work animals through the supply of basic equipment and revolving credit for veterinary medicine, the project will also provide basic and/or supplemental training to all present and new sub-sector level veterinary agents. They will spend three weeks each year at the center. The Togo Veterinary Service of the Ministry of Rural Works, will be expected to provide appropriate technical assistance for this training. Besides instruction in prophylactic and curative diagnosis and treatment of common cattle problems in the region, the training will also focus on basic animal care, use of the animal health cards and insurance, composting, etc.

2. Work Animals

The project will purchase approximately 160 head of cattle over a two year period. It is anticipated that most of the animals will be bought in the Dapaon region in northern Togo. The dominant strain of cattle available in northern Togo and suited for animal traction activities is the N'Dama. The cattle will be driven overland to the center in Agbassa by herders or transported in trucks by ORPV. Selection and purchasing of subjects will be made by qualified members of the center as well as representatives from the Kara region veterinary medicine service.

3. Animal Traction Equipment

Given the number of farmers presently working with animal traction in the region and a realistic projection of increases of that number over the next several years, it is premature to initiate a regional manufacturing capacity of animal traction equipment. The purchase of imported equipment will be continued for the duration of this project. A revolving credit account will be set up at the National Agricultural Credit Organization (CNCA) for its procurement. Choice of the type and work of equipment is to be determined by responsible parties at the center after consideration of all factors:

strength of draft animals, operations to be accomplished, soil conditions, actual and proposed repair networks, supply of and access to spare parts, and equipment cost. An additional consideration is the goal of working towards standardization of equipment. If a standardized set of equipment can be selected, the training of farmers in its use will take less time and local artisans will be able to respond easily to farmers' repair and spare part needs. The activity provides for the purchase and testing of certain models of equipment currently in use in Upper Volta and Benin, parts of which are currently manufactured in those countries. The equipment from Upper Volta is designed with the intention of making as many parts as possible interchangeable. This has significant implications for the network of rural artisans who will insure the repair of equipment and supply of spare parts. Finally, when the use of animal traction becomes significant enough and a national capacity to manufacture equipment is a feasible proposition, the use of standardized equipment has great economies in the use of volume buying of primary materials.

4. Veterinary Supplies

In order to support the steady development of an animal traction program, as well as to guarantee the protection of small farmers investments, a reliable and adequate veterinary service is extremely important. Such a service-capacity will be strengthened under this activity. The project plans for the upgrading of the training of local veterinary agents and will provide a stock of basic equipment, such as syringes, needles, the rural containers and sterilizers. Vaccines will be made available for periodic immunizations and parasites will be controlled through the use of prophylactics.

The project will also initiate health cards for all work animals. On a yearly basis a farmer will purchase a health card for each of his animals. These cards will cover the basic veterinary interventions necessary over a year (vaccinations, inoculations against principal epidemic and vector diseases, external/internal parasite control, etc.). The revolving fund to be set up for veterinary medicines will function using these health cards as a means to recoup costs of medicines. A further role for the health cards is to provide a mechanism through which it can be ascertained that farmers have, to the best of their ability, attempted to respect criteria of veterinary care for their animals. This is particularly important in the context of the animal insurance sub-activity.

The amount budgeted for veterinary medicines is intended to provide a healthy enough liquidity position that the veterinary service will not have to wait for the money to come in from one batch of medicines in the field before being able to order other needed medicines. It is intended that farmers will pay the cost of the medicine only. In a broad sense, it is admitted that these medicines will be reserved for animal traction oxen, however, in the event of an outbreak of a given disease it is obvious that the indigenous herds

will have to be treated as well in order to stop the spread of the disease. It will be possible to use these medicines in that situation but owners and/or herders of animals not in the animal traction program will also be expected to pay the costs of the medicines.

The AIP activity has also provided funds for some supplementary animal feed. These should be reserved primarily for trial activities with the pilot herd. In certain instances, feed supplements may be supplied at cost to well organized farmers. It would probably be wise to restrict the kinds of supplements to salt, cotton seed and peanut cake, i.e. locally available products.

5. Agricultural Credit

Farms in the region have almost no investment capacity given the subsistence level of living. Consequently, the role of rational agricultural credit becomes critical in any project of interventions which entail investments on the part of the farmer. An operating assumption of this project is that the agricultural system established should be self-sustaining. The agricultural credit mechanisms established are critical to this point. The Caisse Nationale de Crédit Agricole (CNCA) is the national and regional institution which can administer such credit schemes.

In the Kara region, very few loans are accorded at present to the small farmer. This is partly because few investment schemes are designed for small farmers, those that are have side-stepped the local institution, and the regional office in Lama Kara has few field loan officers. It is undesirable that those agricultural extension agents who are expected to gain the farmers' confidence should be the same agents who have to collect animal debt repayments. Furthermore, the assessment of credit carrying capacity and the monitoring of farmers to insure that they are respecting the duties and conditions of the loan are proper for the loan officer.

A healthy agricultural credit system can provide a strong engine for growth and also demonstrate an investment activity and pay-off which could be applied by the farmer in any number of areas. Such a potential outgrowth of a viable animal traction program is further justification for why agricultural credit should be administered through the regional credit institution.

To date there has been a range of credit schemes used in the various animal traction activities in the Kara region which have been applied in an inconsistent manner. It is intended that by setting up reasonable revolving credit accounts with the CNCA in this project, it will be possible to standardize the use of credit in the region for animal purchase, equipment purchase, and the supply of veterinary medicines.

The credit scheme will be based on CNCA's five year medium-term credit system. Certain preconditions will have to be met by the farmers in order to qualify for credit. The terms of such preconditions will be worked out by participating parties for oxen, equipment and veterinary medicines. For example, a farmer may be required to construct a simple stable prior to taking delivery of his oxen; animal health cards will be another prerequisite. The credit system also includes a provision for insurance against the loss of an animal in the event that such a loss is not a fault of the farmer. An insurance premium, based on projected mortality rates, will only marginally increase the farmer's annual credit payments. (Past experience over a five year period shows that mortality rates will run about 5%; the annual premium to be paid per farmer per year is then 800 CFA, slightly more than three dollars.) If in spite of adhering to the loan's preconditions and diligent work on the farmer's part, he does not make an annual income which permits him to deposit his yearly payment (for reasons of fire, drought, etc.), his schedule of payments can be deferred. On the other hand, if the farmer seriously disregards the conditions under which he accepts the loan, his animal traction unit can be withdrawn.

6. Construction

The expanded training activities at the animal traction center will entail significant expansion of the physical plant at Agbassa.

- a. Corral and hangar
- b. Office and veterinary depot
- c. Dormitory, with small kitchen and washroom facilities
- d. Artisans' workshop

The design and construction of these buildings and enclosures are the responsibility of the ORPV of the Kara region. Most building materials will be furnished under the terms of this project; however, local materials (sand, gravel) as well as transport and all skilled and unskilled labor will be furnished by the ORPV. This constitutes the GOT contribution to the project.

III. Socio Economic Analysis

In order to improve food production and rural income levels in the Kara region, it would appear that innovations and interventions must be designed which are (a) appropriate to the area socio-economic realities, (b) generate locally oriented skills and knowledge which facilitate the emergence of a self-sustaining agricultural system

and (c) that insure that the widest spectrum of the rural population will have access to those interventions, skills and knowledge. Animal traction as the basic source of on-farm energy represents an appropriate and, under certain conditions (as followed in the design of this project), feasible innovation in the existing rural economy, which can address the problems of the area population and its production capacities. Animal traction may be one of the only innovations that can be readily and easily adopted by the Kara region small farmers. For the vast majority of small farmers, it is very difficult to expect to make him invest cash over a long period of time if he has to defer his pay-off for several years. The adoption of animal traction represents an investment with an immediate and tangible return for the average farmer.

In the Kara region, women share equally in agricultural labors, with men concentrating on hand-hoeing and women on sowing, weeding and harvesting. The introduction of animal traction impacts in a positive way on the production of both men and women. Modern tractors tend to decrease the men's workload and increase that of women. Tractors cultivate the land in preparation for the spring planting, but are generally not seen until the next plowing season. Tractors accomplish much of the work assigned to men but by greatly increasing the surface area of land under cultivation, the amount of work reserved for women, sowing, weeding and harvesting, is increased. Oxen, on the other hand, can be used not only for plowing but can be adapted to pull implements that can perform other tasks throughout the growing season. Thus, the area under cultivation is augmented and the means to facilitate the field tasks of both men and women is provided.

The tables below incorporate the data and calculations from which conclusions have been drawn about the economic rationality of animal traction at the farm level in the Kara region. The availability and quality of data in some instances are poor. Notations and explanations are made where there appears to be a strong indication of high unreliability.

Table I. Derivation of Per Hectare Gross Revenues

	<u>Yields per Hectare (Kilograms)</u>				Crop mix
	73/74	74/75	75/76	77/78	
Sorghum	834	612	588	450	Principal crop
Beans	-	125	142	100	Associate
Groundnuts	-	450	392	150	Pure and associate
Millet 3 mos	-	-	382	330	Associate
Millet 6 mos	-	-	303	100	Associate
Rice (bas-fond)	-	-	800	-	Pure stand

Prices of Output

(Oct-Sept. 75/76)	<u>Lama-Kara</u>	<u>Niamtougou</u>	<u>Kpangouda</u>	<u>Kente</u>	<u>Region</u>
Sorghum	50	45	52	51	50
Beans	79	63	75	73	93
Groundnuts	50	56	50	-	52
Millet 3 mos	60	44	47	45	49
Millet 6 mos	47	46	50	47	43
Rice	42	42	47	49	45

Per Hectare Gross Revenues

(Oct-Sept. 75/76)			CFA
Sorghum	588 kg	50F 1 kg	29.400
Beans	142	72	10.366
Groundnuts	392	52	20.504
Millet 3 mos	382	49	18.718
Millet 6 mos	303	48	14.734
Rice	800	45	36.000

Note: 75/76 data is used because it is the most complete and stands around the mean as well.

Table II. Crop Distribution and Farm Sizes

Percentage Distribution of Crop Areas

	<u>Only Crop</u>	<u>Primary Crop</u>	<u>Total</u>	<u>Secondary Crop</u>
Corn	-	1%	1%	3%
Sorghum	59%	7%	73%	3%
Millet	-	4%	4%	25%
Rice	13%	1%	14%	3%
Cassava	1%	-	1%	1%
Yams	2%	3%	5%	2%
beans	-	1%	1%	14%
Groundnuts	1%	2%	3%	10%
Other (cotton)	1%	4%	5%	2%

Table II. (continued)

	<u>Average Farm Structures</u>				
	<u>Kandi</u>	<u>Loma-Kara</u>	<u>Hambougou</u>	<u>Kpagouda</u>	<u>Region</u>
Number of Farmers	4.900	12.400	8.900	6.100	32.300
Area cultivated (hectares)	6.000	9.000	6.000	5.200	26.200
Family members (per farm)	6.6	7.8	6.2	6.8	7.0
Adult farm worker (per farm)	3.3	4.1	3.2	3.5	3.6
Area per farm worker (hectares)	0.37	0.18	0.21	0.24	0.22
Average farm size (hectares)	1.22	.73	.67	.85	.81

N.B. - Over 90% of the family farms have 2 ha or less of land under cultivation.

Table III. Hypothetical Gross Revenues per Farm

<u>Crop</u>	<u>Present (ORPV data)</u>		
	<u>Area Planted in Hectares</u>	<u>Average Price per Ha.</u>	<u>Gross Revenues in CFA</u>
Sorghum	0.50	29.400	17.640
Millet	.03	18.667	560
Yams	.06	-	?
Others (groundnuts, tobacco, beans)	.02	-	?
	(average) 0.81 hect.		(app.) 20.000 <u>1/</u>

Planned with Animal Traction

<u>Crop</u>	<u>Area</u>	<u>Price/Ha.</u>	<u>Gross Revenues</u>	<u>2/</u>
Sorghum	1.0	29.400	29.400	
Sorghum/Millet	1.0	29.400/18.718	29.400/18.718	
Sorghum/Beans	1.0	29.400/10.366	29.400/10.366	
Groundnuts	1.25	20.320	25.400	
Cotton	0.25	36.000	9.000	
Rice	0.50	36.000	18.000	
	5 hect.		159.764	

Summary

Gross farm revenues		159.764
Less food need <u>3/</u>	-	38.200
Less debt payment (See Table IV)	-	27.342
Plus appreciation on draft animals	+	20.000
Net annual crop income <u>4/ 5/</u>		<u>74.222</u>

Notes to accompany Table III.

- 1/ Such an alarming profile implies non-farm sources of income and/or employment.
- 2/ Assumes no yield increases over yields detailed in Table I.
- 3/ Assumes entire sorghum production or its equivalent (1764 kg).
- 4/ Assumes no other purchased inputs. Chemical fertilizers at prescribed doses and at real prices wipe out all income.
- 5/ This amount is approximately \$300 and represents net annual family income which is more than three times present day income levels. This is striking and somewhat theoretical. However, no yield effects have been calculated and since more than three times as much land is being cultivated, the figure seems believable. Essentially, it indicates that a workable system of animal traction can be put together.

At one level, the lack of good data and appropriate applied research makes any precise definition of the cropping system based on the use of animal traction impossible. At another level, and probably more importantly, no regional perspective, systems or services currently have the means or the direction to introduce, expand and support an animal traction system on a regional basis. To provide the means and direction is the primary purpose of this AID activity.

Table IV. Possible Medium-Term Credit Profile

<u>Items: Equipment Package</u>	<u>CFA francs</u>	
Yoke, chain, rope	4.000	
3" plow/chassis	15.500	
Groundnuts lifter	5.636	
Ridger	6.620	
	<u>31.756</u>	31.756
Cart (one-third ownership)		3.500
Oxen (one pair) (including insurance and health card)		<u>80.000</u>
Total:		<u>120.256</u>
<u>Repayment schedule:</u>		
Down payment (10%)	12.050	
Annual payments	32.145	
<u>Terms:</u>		
Interest rate -	9%	
Down payment -	10%	
Yearly payments -	5	

IV. Financial Analysis

A. Project Budget - USAID Contribution

1. Training costs	\$ 75,000
a) Local training, extension agents, artisans, herders and veterinary agents	\$65,000
b) Third country training	\$10,000
2. Cattle	28,000
160 head x \$175	
3. Equipment	15,890
60-70 units x \$227	
4. Veterinary supplies	25,000
a) Vaccines - \$20,000	
b) Equipment - \$5,000	
5. Animal feed supplements	10,000
6. Vehicles <u>a/</u>	34,000
a) Camionette - pick-up 3 x \$8,000-\$24,000 (includes shipping)	
b) Motorbikes 10 x \$1,000-\$10,000 (includes shipping)	
7. Fuel, maintenance, spare parts	30,000
8. Project coordinator (2 years)	100,000
9. Shop tools, artisan equipment	25,000
10. Miscellaneous supplies (for Animal Traction Center)	10,000
11. Land clearing	10,000
a) Bulldozer \$6,000	
b) Cable winch \$4,000	
12. Construction materials <u>b/</u> Dormitory, office, veterinary depot, corral and hangar	50,000
Total of line items 1-12	\$412,890
13. Contingency (about 20%)	87,110
Total USAID contribution:	\$500,000

B. Government of Togo Contribution

Value of goods and services \$125,000

✓ Waiver to be initiated and approved by USAID/Niger

b/ Section 611 (a) determination to be made by REISO/WA

SUMMARY COST ESTIMATE AND FINANCIAL PLAN
(US \$000)

Project #698-0410.18

Title: Togo Animal Traction - AIP

<u>Source</u>	<u>AID</u>		<u>Government of Togo</u>		<u>Peace Corps</u>		<u>Total</u>
	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC</u>	
1. Personnel (HC contract and training)	100	75	-	75	(-)		250
2. Animal Traction (oxen and implements)	-	79					79
3. Equipment/Supplies	10	35					45
4. Construction Materials	-	50		50			100
5. Vehicles and functioning	-	64					64
Contingency	<u>87</u>	<u>-</u>					<u>87</u>
Total	197	303		150	(-)		625

COSTING OF PROJECT OUTPUTS/INPUTS
(US \$000)

Project #698-0410.18

Title: Togo Animal Traction - AIP

<u>Project Inputs</u>	<u>Animal Traction Center and Sub- sites</u>	<u>Trained Farmers Blacksmiths and Veterinary Agents</u>	<u>Animal Traction Units</u>	<u>Revolving Credit Fund</u>	<u>Total</u>
<u>AID Appropriated</u>					
Personnel (HC Contract and Training)	20	115	10	30	175
Animal Traction (oxen/implements)	-	10	40.89	28	78.89
Equipment/Supplies	39	6	-	-	45
Construction					
Materials	45	5	-	-	50
Vehicles and Functioning	34	20	-	10	64
Contingency	30	30	10.11	17	87.11
<u>Other U. S.</u>					
(Peace Corps) Personnel	(-)	(-)	(-)	(-)	(-)
<u>Government of Togo</u>					
Construction	50	-	-	-	50
Personnel	30	30	-	15	75
Total	248	216	61	100	625

PROJECTION OF EXPENDITURES BY FISCAL YEAR
(US \$000)

Project #698-0410.18

Title: Togo Animal Traction - AIP

Entity	AID			Government of Togo			Peace Corps			Total		
	<u>79</u>	<u>80</u>	<u>81</u>	<u>79</u>	<u>80</u>	<u>81</u>	<u>79</u>	<u>80</u>	<u>81</u>	<u>79</u>	<u>80</u>	<u>81</u>
1. Personnel (HC contract and training)	55	85	35	20	35	20	-	-	-	75	120	55
2. Animal Traction (exen/ implements)	20	43.89	15	-	-	-				20	43.89	15
3. Equipment/ Supplies	10	30	5	-	-	-				10	30	5
4. Construction Materials	10	40	-	5	45	-				15	85	-
5. Vehicles and Functioning	45	10	9	-	-	-				45	10	9
Contingency	<u>10</u>	<u>50</u>	<u>27.11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>50</u>	<u>27.11</u>
Total	150	258.89	91.11	25	80	20	-	-	-	175	338.89	111.11

The Government of Togo, through its agent, ORIV, will provide local materials for construction (sand, gravel, water), transportation of construction materials, and all skilled and unskilled labor involved in the construction phase, veterinary agents and training personnel. If required, the ORIV will also provide truck transport of cattle.

The ORPV will designate a counterpart to the project coordinator. In addition, two government salaried agents will be permanently assigned to the animal traction center, the director and a veterinary agent. Seven extension agents will be assigned to the project as counterparts to Peace Corps Volunteers, with responsibilities limited to animal traction extension. In addition, CNCA will provide a credit officer who will be responsible for establishing loan contracts and collecting yearly payments. Other agents will participate from time to time in various phases -- training instruction, animal purchase and distribution, credit recuperation, field extension, etc. The application of a monetary value to land is inappropriate in Togo.

C. Total Activity Budget (USAID-GOT) \$625,000.

V. Implementation

A. Implementing agents -- Ministry of Rural Development through the reorganized ORPV. The essential aim of this AIP activity is to supply the resources and upgrade the capacity of the ORPV (Kara region) and other participating GOT (Veterinary and CNCA Service of Ministry of Aménagement Rural) institutions to initiate an integrated effort to institutionalize and expand the use of animal traction in the Kara region. As an initial start-up phase, eight Peace Corps volunteers will be assigned to ORPV.

Peace Corps volunteers will be assigned to the sub-sector level as counterparts to ORPV sub-sector chiefs. The sites will be chosen as a function of past experiences and future potential. The volunteers will function as technical resource people that the sub-sector chiefs and "encadreurs" can draw on in introducing, expanding and sustaining animal traction.

A Project Coordinator will be assigned to the center to function as the coordinator of Peace Corps animal traction personnel and serve as liaison with the Kara region ORPV director, probable GOT project coordinator of Animal Traction Activity. His responsibilities will be to provide a regular liaison to the ORPV direction, to insure logistical coordination and to assist the Togolese director of the center in the organization and management of daily activities. The project coordinator will also oversee requests for disbursements or withdrawals from the revolving funds and operational accounts which will be subsequently approved by the director of the ORPV. The project manager will be hired under a host country contract and should have some overseas experience and academic or practical training in agriculture. The person must speak French. All the volunteers will be directly

responsible to the director of ORFV-Kara. Quarterly reports will be presented to the ORIV by the project coordinator and he will participate in the regular meetings to be held of all the personnel directly involved in the animal traction effort: i.e., ORFV, Peace Corps, CNCA, Service Veterinaire, EDF, UNDP. A covenant of the Project Grant Agreement is the requirement that GOT Ministry of Rural Development establish a permanent coordinating committee for Animal Traction Activities.

A PCV with construction and metal working skills will be assigned to the center. He will work on the physical expansion of the center. He will also be responsible for the training of artisans to repair and maintain animal traction equipment. When the artisans return to their villages, he will be expected to provide follow-up support to them as they establish their repair and maintenance operations.

B. Implementation Schedule

The implementation calendar is closely related to the change of the seasons and the agriculture calendar. Summer rains taper off in October. Peace Corps volunteers recruited in the spring of 1978 and trained in-country (much of it on-site in the Kara region) will receive post assignments in October. In order to meet the program plan of interventions, the construction of important buildings and enclosures should begin immediately. Optimistically, major construction could be completed by mid-January 1979, in time for the cool-season buying of cattle in northern markets and the beginning of on-center training sessions.

<u>Intervention</u>	<u>Duration</u>	<u>Target Start Date</u>	<u>Responsible Agent</u>
Peace Corps Volunteers assigned to sites	2 years	October 1978	IC
APF approval	-	November 1978	USAID
Grant Agreement signed	-	March 1979	USAID/GOT
New GOT personnel assigned to project		March 1979	GOT
Arrival of project coordinator		March 1979	USAID/GOT
Construction of center facilities	4 months	March 1979	GOT/PC
Account established at CNCA		April 1979	GOT/USAID
Order veterinary medicines and supplies		May 1979	GOT
Order animal traction equipment		April 1979	GOT

(continued) <u>Intervention</u>	<u>Duration</u>	<u>Target Start Date</u>	<u>Responsible Agent</u>
Extension campaign to enlist farmer candidates; preconditions to be fulfilled	4 months	April 1979	FC/GOT
Training programs at center for extension agents, veterinary agents, herders, artisans	4 months	April 1979	FC/GOT
Purchase cattle and transport to center	2 months	April 1979	GOT
Distribution of cattle and equipment	2 months	May 1979	FC/GOT
Periodic visits to farmers by ORPV agents, PCV's vet. agents during rainy season	5 months	May 1979	FC/GOT
Evaluation of first year campaign	2 weeks	January 1980	GOT/USAID
Vaccination campaign	1 month	February 1980	GOT
Training programs at center for extension agents, veterinary agents, herders, artisans	4 months	January 1980	FC/GOT
Extension campaign to enlist farmer candidates	3 months	January 1980	FC/GOT
Collection of first year payment	1 month	February 1980	GOT
Purchase cattle and drive to center	2 months	March 1980	GOT
Distribution of cattle/equipment	2 months	March 1980	FC/GOT
Periodic visits to farmers by ORPV agents, PCV's and veterinary agents during rainy season	5 months	April 1980	FC/GOT
Evaluation of two-year project life	2 weeks	August 1980	GOT/USAID
Departure of PCV's		September 1980	
Project Activity Completion Date		December 1980	
Terminal Disbursement Date		September 1981	

INITIAL ENVIRONMENTAL EVALUATION

PROJECT LOCATION: Togo

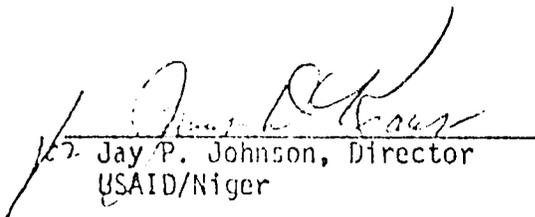
PROJECT TITLE: Accelerated Impact Program
698-0410.18 - Animal Traction (Togo)

FUNDING: FY 1979 - \$500,000

LIFE OF PROJECT: December 1978 - December 1980

IEE PREPARED BY: Sidney Bliss, Staff Assistant,
Program Office, USAID/Niger

THRESHOLD DECISION: Negative Determination


/s/ Jay P. Johnson, Director
USAID/Niger

12/8/78
Date

Elm. Accountancy Manual 5440
4 Dec 1978

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

A. Description of the Project

The introduction of animal traction technology involves a concomitant increase in the use of natural resources. Plans call for the distribution of at least sixty pairs of oxen over the life of the project to small, resident farmers within a thousand square kilometer zone. These numbers could be easily expanded in self-sustaining phases subsequent to this activity. Such a program will require regular increases in the land under cultivation as well as additional stock animals suitable for drawing agricultural implements. Currently, farm-land size in the region is limited to approximately one hectare per family (four adults), due primarily to the simple state of agricultural production technology. In order for animal traction to become economically self-sustaining, farm size will have to be expanded to about five to eight hectares, with four to five hectares under cultivation annually.

Additional farmland is readily available in areas where the technology is to be introduced. This "new land" will have to be cleared of heavy brush and most trees in order to facilitate the easy and efficient exercise of the oxen/implement team in carrying out agricultural field operations. The activity allows for the option (to be determined by the farmer) of the use of motorized mechanical devices (tractors/bulldozers) to assist in the uprooting of trees and clearing of heavy brush. Cable winches for stumping are also provided under this activity which are simple and can be used by the individual farmers.

The loss of trees has potentially adverse implications for soil and area micro-climate (wind and water erosion, soil temperature, leaching of soil nutrients, rainfall patterns, etc.). However, this activity provides assurances that trees and ground cover are not indiscriminately eliminated, but rather conserved wherever practical, as well as systematically planted in certain areas. The project encourages the establishment of vegetative bands between fields, which will be planted with trees which serve as particularly useful wind-breaks. Such woodlots on the outskirts of a field, also serve as a cover for forage available to the draft animals. The trees are a real source of firewood and can be used in building construction as well as in the confection of certain agricultural and domestic implements for use by the rural families. Woodlots are not an unusual occurrence in the project zone and are readily planted, appreciated, maintained and rationally exploited.

The number of draft animals required by this pilot activity is not expected to make an appreciable impact on the total cattle numbers in northern Togo. Approximately sixty animals per year will be required for this project and the sources of these animals will be quite spread out throughout northern Togo. Adequate supplies of

animals will be available from northern livestock markets so that the purchasing of these animals over a two month period will not adversely affect demand and noticeably increase prices. It should be noted however that if this project proves successful and efforts are made to expand the project on a national scale, a "bunched" demand for a large number of animals could likely adversely affect local markets. Future expansion and replication of this project may require consideration be given to measures to expand and accelerate the production of draft animals or at least, to spread the purchasing of animals throughout the entire year.

B. Identification and Evaluation of Environmental Impacts

Land Use

Approximately 300 hectares (5 hectares for each of sixty resident farming families) of new land is expected to be cleared and cultivated under this activity. This land is generally located within easy access to resident farmers and will not require any dislocation of existing settlements. Most of this new land, however, must be cleared of tree stumps and heavy brush in order to allow animal traction equipment to make regular and efficient patterns of cultivation. Care is being given to establish vegetative bands around the perimeters of fields which will be replanted with tree seedlings which have been expressly grown for this purpose.

Water Quality

Additional water sources will be tapped at the animal traction base center to water a herd of about 50-70 head. Water is plentiful in the region and the anticipated use is well within the capacity of the primary aquifer to recharge the wells without undue disturbance to the watertable.

Atmospheric

The addition of any atmospheric pollutants, including dust, fumes from motor pumps and vehicles, spraying of fertilizers and pesticides (neither of which are planned components of this activity) will be negligible.

Natural Resources

The only continuing additional requirements of natural resources stimulated by this activity are the daily watering and grazing of cattle. Both sub-surface water and grasses and forage shrubs are deemed in sufficient supply to meet such requirements without rendering immediate harm to their source or effectuating any ecological imbalance which may jeopardize such resources over the long term.

Cultural

There are no cultural taboos or constraints which will be interfered with by this activity. While area farmers generally do not keep cattle at present, this is due more to economic and geographic considerations (no viable work activity currently engaged in with cattle) than to any fear of animals or lack of knowledge of correct husbandry practices.

Soil

Animal traction, the use of rotation systems and the use of cover crops, can all contribute to improvements in soil structure and texture. The regular collection and spreading of manure, already a tradition in the region, brings organic matter to the soil and reduces dependence on chemical fertilizers. Plowing under the green cover has the same effect. A rational crop rotation system can balance nutrient utilization.

Socio-Economic

This animal traction program is designed to be a major encouragement to young, as well as to established farmers to make substantial investments of both time and money in the area rural economy in order to increase agricultural production and realize a real augmentation in rural incomes. Both benefits have a direct impact on the national as well as the local economy and can ultimately result in a greater sharing of Togo's natural and economic resources which should serve to improve the conditions/quality of life in the rural setting. Such an eventual shift in equity, and the promise of sustained, self-managed and sometimes government supported growth can be a major incentive to on-farm investment and serve to slow the current trend towards a rural exodus of productive individuals.

Health

The environmental base for general health will be unchanged as a result of this activity. Of course, increases in food production and resulting increases in farm incomes will have some indirect effect on nutrition and the widening of options to diversify food crops, purchase food additives and obtain better health care.

II. Recommendation for Environmental Action

Due to the general benign nature of the impact of the activity interventions programmed under this project, as well as the inclusion of certain complementary measures to conserve the environment and establish a continually productive land base for self-sustained agricultural growth, it is recommended that a Negative Determination be given and that no Environmental Assessment is in order.

The recommendation is also based on the assumption that if successfully implemented, this activity will serve as a demonstration of the use of appropriate, replicable interventions to expand the exploitable land surface without distorting its long-term productive capacity. Such a project has potentially positive implications in a country where short-term gains have been oftentimes realized at the expense of the natural environment.

IMPACT IDENTIFICATION AND EVALUATION FORM

Impact
Identification
and
Evaluation

Impact Areas and Sub-areas

A. LAND USE

- | | |
|--|-----|
| 1. Changing the character of the land through: | |
| a. Increasing the population ----- | N-L |
| b. Extracting natural resources ----- | N-L |
| c. Land clearing ----- | M |
| d. Changing soil character ----- | L |
| 2. Altering natural defenses ----- | L |
| 3. Foreclosing important uses ----- | N |
| 4. Jeopardizing man or his works ----- | N |
| 5. Other factors | |
| ----- | N |
| ----- | |

B. WATER QUALITY

- | | |
|---|-----|
| 1. Physical state of water ----- | N |
| 2. Chemical and biological states ----- | N |
| 3. Ecological balance ----- | N-L |
| ----- | |
| ----- | |

Key:
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-L
- 3. Noise pollution ----- N
- 4. Other factors
- N
-

D. NATURAL RESOURCES

- 1. Diversion, altered use of water ----- N
- 2. Irreversible, inefficient commitments ----- N
- 3. Other factors
- N
-

E. CULTURAL

- 1. Altering physical symbols ----- N
- 2. Dilution of cultural traditions ----- N
- 3. Other factors
- N
-

F. SOCIOECONOMIC

- 1. Changes in economic/employment patterns ----- M
- 2. Changes in population ----- N
- 3. Changes in cultural patterns ----- L
- 4. Other factors
- N
-

IMPACT IDENTIFICATION AND EVALUATION FORM

G. HEALTH

- 1. Changing a natural environment ----- L
- 2. Eliminating an ecosystem element ----- L
- 3. Other factors -----
- N
-

H. GENERAL

- 1. International impacts ----- N
- 2. Controversial impacts ----- N
- 3. Larger program impacts ----- L
- 4. Other factors -----
- N
-

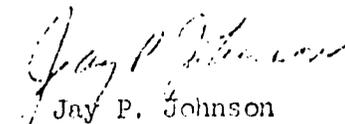
I. OTHER POSSIBLE IMPACTS (not listed above)

Determination of Satisfaction
of Requirements of Section 611(a)(1)
of the Foreign Assistance Act of 1961 as Amended

The Togo Animal Traction AIF Project (698-0410.18) has been designed by knowledgeable specialists in the area of animal traction, with considerable first-hand experience in equipment specifications and costs. Costs as presented in the project budget are accurate reflections of current market prices and are expected to satisfy all needs for procurement in pursuit of project goals (See Loge 01011).

The construction design plans of several buildings at the Animal Traction Center in Agbassa (a corral and hanger, an office and veterinary supplies depot, a dormitory facility and an artisans' workshop), has been formally reviewed by the AID (EUSAO/WA) engineering staff and has been found to be adequate and complete. (See Abidjan 3042.)

On the basis of the above, I hereby determine that the project as presented satisfies the requirements of Section 611(a)(1), (a) and (b) of the Foreign Assistance Act of 1961 as amended.


Jay P. Johnson
Mission Director
USAID/Niger

February 1982

IRT PROJECT STATISTICAL REPORT
(1978 - 1981)

Country	IRT No.	Title	Date Approved AID/W	Date Oblatd	Date Evltd	FY SUMMARIES Amount Obligated			TOTALS
						(FY 79)	(FY 80)	(FY 81)	
SIERRA LEONE	.01	Fishpond Outreach	8/31/79	9/17/79		25,000			
		Phase II	7/26/80	9/02/80			26,000		51,000
LIBERIA	.02	Fired Brick Housing	9/02/79	9/29/79		50,000			50,000
TOGO	.03	Prim. Sch. Ag. Ed.	11/01/79	11/28/79	6/16/81		40,000		40,000
KENYA	.04	Fam. Grain Storage	12/19/79	3/24/80			14,500		14,500
TANZANIA	.05	Handmade Paper	12/28/79	11/03/80				48,800	48,800
BURUNDI	.06	Peat Maceration	12/27/79	deallotted		00,000			00,000
LIBERIA	.07	Micro-Hydro	2/28/80	9/15/80			50,000		
		Amendment	1/14/81	2/24/81				20,000	70,000
BOTSWANA	.08	Sorghum Milling	3/04/80	4/03/80			41,000		
		Amendment	1/28/81	2/24/81				13,000	54,000
TOGO	.09	Rural Solar Tech'y	3/05/80	6/10/80			50,000		50,000
ZAIRE	.10	4H Youth Farming	3/06/80	5/15/80			17,500		17,500
TANZANIA	.11	Traditional Pottery	1/25/80	9/29/80			25,000		
		Amendment	5/ ?/81	7/15/81				33,000	58,000
CAR	.12	Inland Fisheries	3/12/80	4/25/80			50,000		50,000
SEYCHELLES	.13	Low-Cost Housing	3/21/80	8/26/80			50,000		50,000
BOTSWANA	.14	Small Craft Dvlpt	7/14/80	9/08/80			50,000		50,000
ZAIRE	.15	CEPAS	7/09/80	9/30/80			27,300		27,300
SWAZILAND	.16	WID Outreach	7/11/80	8/29/80			50,000		50,000
SWAZILAND	.17	Water Filtration	7/17/80	9/ ?/81			29,000		29,000
SIERRA LEONE	.18	Royeimj Water	12/09/80	3/04/81				50,000	50,000

IRT PROJECT STATISTICAL REPORT
(1978 - 1981)

Country	IRT No.	Title	Date Approved AID/W	Date Oblatd	Date Evtld	<u>FY SUMMARIES</u> Amount Obligated			TOTALS
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LIBERIA	.02	Fired Brick Housing	9/02/79	9/29/79		50,000			50,000
TOGO	.03	Prim. Sch. Ag. Ed.	11/01/79	11/28/79	6/16/81		40,000		40,000
KENYA	.04	Fam. Grain Storage	12/19/79	3/24/80			14,500		14,500
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		Amendment	1/14/81	2/24/81				20,000	70,000
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		Amendment	1/28/81	2/24/81				13,000	54,000
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ZAIRE	.10	4H Youth Farming	3/06/80	5/15/80			17,500		17,500
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SWAZILAND	.17	Water Filtration	7/17/80	9/ ?/81			29,000		29,000
SIERRA LEONE	.18	Royeima Water	12/09/80	3/04/81				50,000	50,000

ANNEX D

IRT

IMPROVED RURAL TECHNOLOGY (IRT) PROJECT

698-0407

GUIDELINES

FOR

PREPARING AND APPROVING IRT ACTIVITIES

Africa Bureau, Office of Regional Affairs (AFR/RA)

Agency for International Development

Washington, D.C. 20523

January 1, 1981

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IRT PROJECT GUIDELINES

I. IRT PROJECT DESCRIPTION

A. Background

The Improved Rural Technology Project (IRT) is a vehicle through which USAID offices in sub-Saharan Africa can finance small-scale technology activities in rural areas. The project, which is managed in AID/W by the Africa Bureau Regional Affairs Office (AFR/RA), provides funding for up to \$100,000 per activity to local proposers who wish to test out and implement new approaches in such areas as agriculture, food processing, village water supplies, energy, off-farm income generation, health, and information exchange. A Washington-based contractor, Experience, Incorporated, assists USAIDs and proposers in development of proposals (Activity Papers) for IRT funding.

To date, after two years of IRT project activity, some sixteen activities have been approved and implemented in ten countries. While this is not an unimpressive record, AFR/RA, participating USAIDs, and the contractor have concluded that simplifying the review process for IRT funding would both accelerate the pace of approval of new activities and reduce the level of time and effort necessary for Activity Paper preparation. These revised guidelines thus represent an attempt to amalgamate the best thinking of the field, AID/W, and Experience, Incorporated as to how best to achieve this goal without compromising the quality of Activity Paper preparation.

B. Basic changes

Two basic changes distinguish the revised review process from the original. First is a shift in authority for approval of activities from AID/W to the field (see next section, IRT Approval Process). While the Activity Paper remains the basic document framing the proposed activity, the Mission Director¹ and not AFR/RA will have final approval. AID/W review contributions would essentially be limited to approval of the Activity Identification Cable (AIC) which the Mission submits to AID/W before preparing the Activity Paper and which provides a summary description of the proposed activity (see next section).

Second, the contractor, Experience, Incorporated, will be available to local proposers and USAIDs for direct help in drafting and reviewing Activity Papers, although participation of the contractor is not mandatory. The experience of a year and a half has shown conclusively that a . . . of small

¹The term "Mission Director" as used in these guidelines, means the head of an Africa Bureau field post exercising authorities delegated by Africa Bureau Delegations of Authority Nos. 140 and 141.

appropriate technology activities can be technically complex and beyond the ability of some field-based proposers. Understaffed and overworked USAID offices usually cannot spare the time to help proposers produce quality Activity Papers. Therefore, AFR/RA will provide contractor assistance at the field stage of Activity Paper preparation in an attempt to substantially improve the quality of proposals. The task of writing Activity Papers is primarily the proposers', with Experience, Incorporated assisting in conceptualizing, making technical judgments, editing, and redrafting. However, in exceptional cases, the contractor can be expected to participate in the original drafting of the Paper, in close collaboration with the proposers; this presupposes that necessary preliminary data collection will be complete upon arrival of the contractor in country. Responsibility for review and approval of the Activity Paper rests with the Mission Director.

C. IRT activities: general requirements

The following set of general requirements will govern consideration of IRT activities:

• Eligible countries. All African field posts, with the exception of the Sahelian country posts¹, may sponsor IRT activities. Ivory Coast is also eligible.

• Level of funding. Activities may be proposed for a maximum of \$100,000 each. For host country government-sponsored activities, the 25 percent host country contribution requirement will apply; this can be waived by special request for RLDCs (Relatively Less Developed Countries). For activities sponsored by private voluntary organizations (PVOs), both U.S. and foreign, there must be a 25 percent non-AID contribution.

• Length of activity. Activities should be of 12-18 months duration, but in exceptional cases the Project Assistance Completion Date (PACD) may be extended for up to three years.

• Proposers. Proposers must be resident in the host country and should be the person(s) responsible for managing the activity. The proposer may be any person whose qualifications for execution of the activity are considered appropriate by the sponsoring organization and the USAID office. Proposers may represent host country government institutions, community-based organizations, host country and/or U.S. PVOs², international agencies, and Peace Corps.

¹Cape Verde, Chad, Gambia, Mali, Mauritania, Niger, Senegal, Upper Volta.

²Indigenous PVOs must be registered with the USAID Mission.

Grantees may be any of the above except the Peace Corps.

* Use of IRT Project funds. Project funds approved for IRT activities may be used for the purchase of materials and equipment as well as for related freight and transport costs to the capital city or port of entry. Funds may also support costs of technical consultants residing in Africa. Salary and maintenance expenses for host country personnel associated with the activity should be provided by the host country sponsor. However, local labor and overhead costs may be authorized by Mission Directors, if deemed appropriate.

In addition, project funds may be used to undertake short-term, in-country training programs or seminars in furtherance of a specific IRT activity.

* Number of activities per country. Each field post may propose a maximum of two IRT activities per fiscal year for funding. However, AFR/RA may raise this limit at its discretion, if circumstances warrant.

* Procurement source and nationality rules. For IRT grants to host country governments, the normal procurement source and nationality rules apply--i.e., the source, origin and nationality of goods and services will be AID Geographic Code 000 for all countries, except that AID Geographic Code 941 is the authorized code for the Relatively Least Developed Countries. Ocean shipping rules are as follows: 1) U.S. flag vessels where Code 000 is applicable, and 2) U.S. and cooperating country flag vessels where Code 941 is the authorized code. Local cost financing rules are those set forth in AID Handbook 1, Supplement B, Chapter 18, except that for shelf items having their origin in Geographic Code 899 countries but not in Geographic Code 941 countries, the limitations are \$50,000 per activity and \$10,000 per unit.

For IRT grants to PVOs, the order of preference established in AID Handbook 1, Supplement B, Chapter 16B1c(4) is applicable, i.e., United States, host country or Geographic Code 941, and Geographic Code 335.

* Experimental activities. USAID offices should encourage submission of proposals to test and demonstrate technologies and systems which have potential for adaptation and replicability elsewhere in the country and/or in Africa.

D. Categories of appropriate technology activities

Activities proposed for funding under the IRT Project must fall within one or more of the following categories:

1. Agricultural systems - improvement/development
2. Rural water supply and potable water development
3. Improved sources of nutrition

4. Renewable energies (wind, mini-hydroelectric, solar, bio-gas)
5. Tools and equipment production
6. Housing and construction materials development
7. Food storage and processing
8. Access roads construction
9. Sanitation systems development
10. Public health management
11. Income generation - crafts and light capital rural industry
12. Transportation

These categories are intended to promote a wide range of rural technology efforts. Both "hardware" (tools and equipment production) and "software" (e.g. income generation) efforts are encouraged.

II. IRT APPROVAL PROCESS

A. The Activity Identification Cable

The IRT approval process starts with the Activity Identification Cable (AIC), which the USAID field office prepares for submission to AFR/RA. The purpose of the AIC is to provide AFR/RA with sufficient information to permit a judgment as to whether or not the proposed activity meets basic IRT funding criteria (see categories, section I.D. above). The AIC is also a planning tool for AFR/RA, which must factor the activity into the schedule of upcoming IRT allotments and program necessary contractor assistance. The AIC is a one-to-two page cable¹ providing:

- ① brief description of proposed activity
- ① duration of activity
- ① proposer and grantee (if different from proposer)
- ① what is to be achieved (outputs)
- ① proposed beneficiaries (who are they, where do they live, how many?)
- ① procurement arrangements and waiver requests
- ① budget totals (U.S., host country, other donor contributions)
- ① Initial Environmental Examination (IEE). The IEE may be sent by separate cable or included as part of the AIC. If not part of the AIC, the IEE must be submitted to AID/W at the time of Activity Paper preparation. For IRT grants to PVOs, the IEE can be approved by the Mission Director and need not be included in the AIC. For all other IRT grants, however, the IEE is subject to AID/W concurrence².

¹See Attachment 1 for sample AIC.

²See AID Regulation 16, Section 216.4 as revised on October 23, 1980.

- requirements for contractor assistance in preparation of the Activity Paper. This can include expertise in engineering and/or general design capability. The AIC should describe technical aspects requiring special attention by the contractor and should specify pertinent technical data which will be available to the contractor upon arrival in country (e.g. water quality analysis, water flow data, wind velocities). The AIC should propose dates and duration of contractor TDY, and should specify to the extent possible the nature of assistance desired (e.g. draft IEE, advise on engineering or technical soundness of activity, help draft sections of Activity Paper).

AFR/RA strongly urges Missions to utilize contractor services to foster preparation of quality Activity Papers. It now seems clear that many delays in approval of Activity Papers submitted during the first year and a half of IRT implementation might have been avoided if trained specialists in design of appropriate technology projects had been available to USAIDs. The contractor should be seen as a staff resource, especially for smaller Missions. However, availability of contractor services does not obviate the need for a certain minimum amount of USAID/proposer planning for the proposed activity - planning which should take place before arrival of the contractor in country. The AIC is designed to ensure that this planning has indeed been carried out and to lessen the chance for misunderstandings between the Mission and the contractor as to what the contractor will be expected to produce during the TDY.

AFR/RA will notify the field by cable within fifteen days of receipt of the AIC, indicating whether the concept of the activity is approved or rejected. The activity concept will be examined for compliance with the following conditions;

1. The activity falls within IRT guidelines and AID priorities.
2. Essential items such as the procurement plan and waiver requests are included.

If the activity concept is not acceptable for the second reason, the field will have the option to submit supplemental information and to ask that the activity be reviewed again.

B. The Activity Paper

Following approval of the AIC, the Mission and the proposers may proceed with preparation of the Activity Paper, a six-to-ten page, single-spaced document which should follow the format outlined below.

Title page. The title page includes the project title (Improved Rural Technology), proposed activity title and brief description, proposer and grantee, duration of activity, amount of funding requested from AID, and host country contribution. The Activity Paper narrative contains:

A. DESCRIPTION OF THE ACTIVITY

1. General background of proposer/proposing organization

Give a brief description of the organization and the context in which the activity will take place. Describe briefly the circumstances leading to development of this proposal. Identify the grantee.

2. Problems identified

Discuss problems to be alleviated by the proposed activity. Be as specific as possible.

3. Brief description of activity (State in a few paragraphs).

4. Identification of beneficiaries

Indicate the characteristics, numbers, and location of people targeted to benefit from the proposed activity.

5. Analysis of benefits

Describe the benefits (achievements, outputs, etc.) of the activity. Show how costs associated with launching the activity will be offset by these benefits. Discuss possible impact of the activity on employment, productivity, and income distribution.

6. Other groups attempting to solve the same problem

Are there completed, ongoing, or planned projects that have dealt with or propose to deal with the problem identified? How does the proposed activity relate to these projects?

7. Replicability

Can this activity be implemented elsewhere to address similar problems? What institution(s) might be interested in funding this kind of activity?

8. Evaluation indicators

These are measures of the benefits cited in point 5 above. During future evaluations, they will help measure the success of the activity. Indicate as precisely as possible what the activity will produce (e.g. numbers of chicken coops built; dam constructed and in operation; number of KWH used; percentage of female population using new water source). Provide numerical indicators whenever possible.

B. TECHNICAL ANALYSIS

1. Specifications for devices/techniques

This material, including sketches, plan drawings, statistics, or photos, may be annexed to the Activity Paper. Include specifications for any machinery or equipment to be purchased.

2. Alternative techniques

Indicate reasonable alternate options for dealing with the identified problem and the reason for choosing the technique proposed.

3. Technical assistance requirements

Indicate any need for consulting services, including technical advice from the Washington-based contractor, Experience, Incorporated.

4. Project management

Describe the qualifications of individuals and institutions responsible for carrying out the proposed activity. Specify the management role each party will play.

5. Environmental considerations

How will the activity affect the natural environment? Briefly describe any negative or positive changes which may result from the activity.

C. SOCIAL CONSIDERATIONS

Is the proposed activity compatible with local patterns of decision-making? How does the activity relate to attitudes on such things as authority, family relationships, control over family/personal income, sex roles, mores and taboos, credit use, social organization, technological change?

D. GRANTEE AND OTHER CONTRIBUTIONS

1. Government/Private Support

Indicate government and/or private contributions to the activity, in cash or kind, including logistic support, buildings and site use, and personnel (salaries).

2. Beneficiary Support

Indicate anticipated beneficiary contributions, including cash or in-kind contributions such as labor and logistic support. Attempt to assign a monetary value to in-kind contributions.

3. Calculation of host country and other contributions

Where the grantee is a host country government, the host country contribution to an activity includes both the government/private and beneficiary support mentioned above. It must equal 25 percent of the total activity cost. Total activity cost is the sum of the host country contribution and the IRT funds requested. The same basic calculations apply for grants to PVOs, although the 25 percent contribution may come from non-AID sources other than the host country.

To compute the 25 percent contribution, divide the IRT request by 0.75. This will give the total activity cost. Then subtract the IRT request from the total to get the host country or non-AID contribution.

Example:

The IRT request is \$25,000.

Divide:
$$\frac{\$25,000}{0.75} = \$33,333 \text{ or } \$33,350$$

Subtract:
$$\begin{array}{r} \$33,350 \\ - 25,000 \\ \hline \$ 8,350 \end{array} = \text{the host country or non-AID contribution.}$$

E. WORK PLAN

Provide a schedule of what tasks will be completed, when, and by whom, including dates for submission of progress reports prepared by the grantee.

F. BUDGET

Prepare a budget of estimated expenditures. For each commodity, list quantity, unit and unit price, source (e.g. U.S., local), estimated freight charges, and total cost. This first section should be designated "IRT funds requested". In a separate listing on the same page, show "host country contributions" or "non-AID contributions", including government/private, other donor, and beneficiary support.

The completed Activity Paper will be reviewed by the Mission, which is responsible for assuring that all statutory and regulatory requirements (e.g. procurement, host country contribution) have been met. Involved Experience, Incorporated personnel will be available to participate in the review and to make necessary changes in the Paper before departing post. If the IEE was not submitted to AID/W as part of the AIC, it must be sent in -- either by cable or in written form -- at the time of Activity Paper preparation. This is the only part of the Activity Paper that AID/W must review -- by regulatory requirement¹. Following AID/W approval of the IEE, the Mission Director may approve the activity. Funds will then be allotted to the Mission, which will draft and execute a Limited Scope Grant Agreement (LSGA) or other authorized form of grant agreement with the sponsoring agency/private organization.

Once the LSGA or other form of grant agreement is signed, the Mission should pouch to AFR/RA a copy of the agreement and a complete authorization package containing:

- the Activity Paper,
- the Project Data Worksheet, signed by the Mission Director and dated,
- the authorization memo, including activity number², life of project costs, and any covenants cited in the LSGA.

It is conceivable that in a small number of cases the combined efforts of the proposers, the Mission, and Experience, Incorporated will not produce a finished Activity Paper by the time the contractor leaves post, and that additional technical research will be necessary before the Paper can be written. In such cases, Missions will be urged to send the Activity Paper, once completed, to Experience, Incorporated³ in Washington for technical review, before approving the activity. Experience, Incorporated comments will be cabled to the field by AFR/RA within ten days of receipt of the Activity Paper by the contractor. If the contractor recommends additional design work and the Mission feels it is necessary, AFR/RA will make every effort to accommodate Missions requesting a second contractor TDY. However, given that multiple TDYs in pursuit of a single small project are not a cost-effective use of the contractor's time, a second trip to a country by Experience, Incorporated would be worked in along with other business in the same geographic area.

¹Except for PVO activities, for which the Mission Director can approve the IEE, as noted earlier.

²The activity number will be assigned by AFR/RA following approval of the AIC.

³Experience, Incorporated, 1725 K Street, NW, Suite 312, Washington, D.C. 20006, USA. Missions may also pouch Activity Papers to: Project Officer, IRT, AFR/RA, Room 3327 for forwarding to Experience, Incorporated.

III. IRT PROJECT ACTIVITY EVALUATION

AID field offices are requested to evaluate each approved activity in their host countries. A brief Project Evaluation Summary (PES) should be provided to AFR/RA for each activity undertaken. In view of the experimental nature of these activities, a single PES should be submitted by AID field offices for each activity completed within 18 months or less. For those activities which extend to 24 months or longer, a PES should be submitted after each 12-month period.

IV. CONTRACTOR SUPPORT

The contractor, Experience, Incorporated, provides technical support for the IRT Project as follows:

- Technical support: The contractor provides technical support in the field for preparation of Activity Papers as described earlier, responds to information requests, and supplies Africa-based consultant assistance and training services.
- Bulletin: The IRT project bulletin entitled "Rural Technology Bulletin" provides a quarterly summary of current appropriate technology applications in Africa. Each issue of the bulletin will feature a "State of the Art" section dealing in depth with some pertinent aspect of appropriate technology.

The bulletin is distributed to AID field offices, African rural technology groups, appropriate units within host governments, interested AID/W offices, and concerned international organizations.
- Promotion: The contractor documents and publicizes (through the media, workshops, seminars) certain activities which it feels best reflect the goals of IRT.
- Bibliographies: The contractor provides AID/W with a bibliography of appropriate technology materials contained in the IRT Project's appropriate technology collection. The bibliography is for the use of USAID field offices and their clients. Specific data is made available to groups actively working on development or execution of project activities. The bibliography is continually updated.
- Consultant's Roster: A roster of experts available to consult on technical, economic, or social aspects of appropriate rural technologies, development, and application is maintained by the contractor. The roster identifies people in Africa, who can perform these functions in support of the project.
- Workshops: The contractor may organize workshops on specific technology issues at the request of AID. Funds for this purpose would be drawn from those available for project activities.
- Evaluation: The contractor is available to perform evaluations of completed IRT activities.

Attachment A

DRAFT AIC CABLE

SUBJECT: PROPOSED IRT ACTIVITY (698-0407)
RURAL WATER SUPPLY AND DELIVERY TO FOUR NORTHERN SETTLEMENTS,
NIMBA COUNTY, BOTSUTHO

1. PEACE CORPS THROUGH MIN OF RURAL WORKS PROPOSES TO TEST LOW-COST WATER DELIVERY SYSTEM CONSISTING OF TWO HYDRAULIC RAM PUMPS DRAWING FROM THE WENDA RIVER, TWO CHLORINATORS, TWO RESERVOIRS, DISTRIBUTION SYSTEMS, AND COMMUNAL TAPS. FOUR SETTLEMENTS IN AN EXTENDED VILLAGE NUMBERING 561 PEOPLE WILL BE SERVED BY 20M³ OF WATER PER DAY. INSTALLATION COST WILL BE DOLS 35/PERSON, MAINTENANCE COST DOLS 2/PERSON/YEAR. ACTIVITY INCLUDES TRAINING IN MAINTENANCE OF WATER SUPPLY SYSTEM, SANITATION, AND PUBLIC HEALTH. ACTIVITY WILL LAST 12 MONTHS.

2. PROPOSER QUALIFICATIONS: PC HAS WATER RESOURCES ENGINEERS IN COUNTRY (2 PCV'S) AND WILL MANAGE ACTIVITY. LOCAL ENGINEERING STUDENT WILL PARTICIPATE, AND MINISTRY OF RURAL WORKS ENGINEER WILL CONSULT. MIN RURAL WORKS WILL BE GRANTEE.

3. OUTPUTS: SYSTEM WILL A) REDUCE INCIDENCE OF WATER-BORNE PARASITES, A MAJOR SOURCE OF INTESTINAL MALADIES, B) IMPROVE

HEALTH AND HYGIENE THROUGH INCREASED WATER SUPPLY AND SANITATION EDUCATION, C) FREE WOMEN AND CHILDREN FROM TIME-CONSUMING WATER TRANSPORT ALLOWING THEM TO PURSUE INCOME GENERATING OR EDUCATIONAL ACTIVITIES, D) SERVE AS A MODEL FOR OTHER PROJECTS OF ITS KIND.

4. BUDGET TOTALS AND PROCUREMENT: IRT FUNDS REQUESTED - DOLS 19,500, HOST COUNTRY CONTRIBUTION - DOLS 6,500. ITEMS TO BE PURCHASED IN THE U.S. WILL INCLUDE: CHLORINATORS, HYDRAULIC RAMS, SOLVENT CEMENT, PVC PIPE, AND CHLORINE TABLETS. ALL OTHER ITEMS CAN BE PURCHASED IN COUNTRY: METAL RESERVOIR, BLACK PIPE, DRUMS, CEMENT, AND HAND TOOLS. HOST COUNTRY CONTRIBUTION WILL CONSIST OF CONSULTING, LABOR, TRANSPORT, USE OF GOVERNMENT WORKSHOPS. NO WAIVERS ARE REQUESTED.

5. REQUEST EXPERIENCE, INCORPORATED ENGINEER TO ADVISE ON TECHNICAL SOUNDNESS OF ACTIVITY AND SIZING OF HYDRAULIC RAMS AND TO ASSIST IN PREPARATION OF FINAL DRAFT OF ACTIVITY PAPER. WATER QUALITY ANALYSIS IS ALREADY COMPLETE. ROUGH DRAFT OF ACTIVITY PAPER WILL BE AVAILABLE UPON ARRIVAL OF CONTRACTOR. PREFERRED ETA IS MID-MARCH FOR TWO WEEKS.

Annex E

OPG

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APPENDIX 6A

PROCEDURES FOR PVO'S ON OPERATIONAL PROGRAM GRANTS (OPG's)

Major Steps

in

Planning and Implementing Development Projects

These procedures are based on the Guidelines Governing Funding for Private and Voluntary Organizations in Connection with Development Assistance Under the Foreign Assistance Program.

A. Early Consultation

PVO's are advised to consult with the appropriate AID Mission or Geographic Bureau in AID/W before preparing a project proposal. A decision will be made at this stage as to whether the proposal is appropriate for grant or contract financing and the office which will have action responsibility. A discussion of the following elements should be included:

1. Discussion of the development activity to be undertaken, including the development problems to be addressed and what impact this activity will have on the resolution of these problems. Review of alternatives which have been or should be considered to meet the project problem.
2. Indication of the major beneficiaries of the project with particular reference to the poorest majority within the recipient country.
3. Preliminary indication of host country's interest in this activity.
4. Background information, studies, or analyses that have been done or may be needed in preparing a project proposal. Resources required by the PVO for any additional study and whether these are available.
5. A rough estimate of probable total cost, including AID funding as a separate item, and time period for project preparation and implementation with an outline of major inputs contemplated. (If requested, AID will provide the PVO with some indication of AID funding availability and of periods during the year where AID's work-load is apt to be lighter.)

Where the PVO organization proposing the project has not previously done so, it will be expected to provide statements substantiating:

6. That the purpose of the PVO is philanthropic or service in nature, that it is nonprofit, nonpolitical, nongovernment, and not a university, primarily educational institution, nor research organization.

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7. That it possesses needed managerial competence for planning and carrying out the proposed development assistant project and the ability to practice mutually agreed upon methods of accountability for funds and other assets provided by U.S. taxpayers.

Both U.S. and indigenous PVO's will be considered as potential OPG recipients. For the convenience of the PVO's, it has been agreed that their consultations may take place and their proposals be presented to either/or both the field office of AID in the country where the project would be carried out, or to the Geographic Bureau of AID in Washington. When the PVO approach is made in Washington, AID/W will consult the field posts. PVO contact with AID field posts is advisable when the PVO does have representatives in the field.

Information on suggested contacts in AID/W for PVO's is provided as Attachment A to this paper. Central contacts in each Bureau or PHA personnel will be happy to introduce PVO representatives to desk officers or others useful to contact. The responsible Bureau will designate a Project Officer early in the consideration of each project who will have continuing responsibility for AID action concerning it.

B. The Operational Grant Proposal

An outline has been prepared to assist PVO's in preparing project proposals. It is provided as Attachment B to this paper, and is intended to delineate a proposal organization and content that will be useful to all parties interested in the project by summarizing the analysis and planning which the PVO has done in order to assure that proposed expenditure will indeed result in the planned accomplishment within the specified period of the project. A rule of reason should apply in using the outline, providing all information which is substantially relevant to the proposal in a concise fashion.

PVO's may submit their project design and evaluation systems to AID/W if they feel their systems meet the substance of Attachment B. AID will review such systems and may accept the PVO's own forms for submission of OPG proposals to AID. In any case, the data presented in Attachment B shall be used by AID as its analytic standard in judging OPG proposals.

The PVO may obtain counsel and access to available background information and studies from AID. However, responsibility for preparing the subject proposal is entirely that of the PVO.

PVO's also may associate with the regular AID project efforts as co-donors or implementing agents.

C. AID Project Review

It does not seem feasible to develop a standardized procedure for all AID bureaus owing to the bureaus' differing views of their relationship with PVO's and their own internal review and approval mechanisms.

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Measures have been found, however, to accelerate this process and to improve communications with PVO's during the project initiation and review period. Nevertheless, a number of factors, including the need for exchange between AID/W and field posts, possible need for supplementing the proposal, as well as the need for responsible review, will impose a waiting period for the AID response even though action is taken expeditiously. Generally, a minimum period of sixty days should be expected after presenting an adequate project proposal.

The Project Officer will initiate and expedite AID consideration of the project proposal. OPG proposals may be submitted simultaneously to the appropriate USAID and geographic bureau to minimize the time involved in communicating between AID/W and the field; no action, however, will be taken by AID/W without a recommendation from the USAID. The Project Officer will be responsible for consulting the PVO as early as possible if questions arise, preferably by sharing copies of issues papers or cable traffic with USAIDs. The PVO may be asked to meet with the AID Project Committee and will be advised promptly by the Project Officer of the program decision reached. In the event of disapproval, the Project Officer will be responsible for advising the PVO of the reasons for the action.

D. Negotiation of the Operational Program Grant

Subsequent to AID program approval, a Grant Officer is designated from the AID/W Contract Management Staff or the AID field post. The Grant Officer has responsibility for negotiating the grant agreement and making any binding promise or obligation for the Government. Separate informational material is available on the basic provisions of grants, which are simpler than customary contract documents in recognition of the different relationship which exists. The Grant Officer will accept PIO/Ts and begin to prepare the grant agreement immediately after the project has been authorized.

E. Reporting and Consultation on Progress

In accordance with the Grant Agreement, the PVO will prepare and submit to AID periodic reports indicating progress against the implementing plan outlined in the project proposal and providing an accounting of OPG funds expended. With regard to the format and scheduling of program reporting, full consideration should be given to the PVO's own reporting systems. Normally the only financial forms required by AID will be the SF 1034 and SF 1034A vouchers. These will be submitted in accordance with the grant agreement.

Grants will also contain a provision for consultation at the request of either party.

F. Evaluation and Audit

Attachment B, the outline of project proposal, seeks PVO presentation of monitoring and evaluation plans. It is anticipated that the PVO will itself provide for monitoring progress in implementation.

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Because of AID's responsibility for effective use of public funds, it expects that evaluations of projects funded by AID will be regularly conducted. Normally, regular evaluations will be conducted by the PVO and host country and/or the counterpart or cooperating organization. In some circumstances, however, AID and/or a third party may want to participate as a team member in certain evaluations. This should be agreed upon at the time the grant or amendment thereto is negotiated and should be contained in the agreement. In all cases, AID should be promptly provided with copies of all evaluations, including data upon which evaluation findings are based, of OPG projects it supports. The cost of monitoring and evaluation activity carried out in connection with the project shall be eligible for financing under the project.

In addition, audits will be conducted at reasonable intervals in accordance with the grant agreement.

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Attachment A

Suggested PVO ContactsOverseas

Primary contact in field posts should normally be made with the USAID Director or AID Affairs Officer or their program officer.

WashingtonBureau for Private and Development Cooperation

The staff of the Office of Private and Voluntary Cooperation, which has responsibility for Development Program Grants, will serve as a focal point for general inquiries where PVO's are not familiar with AID organization (Mr. John A. Ulinski).

Bureau for Africa

Primary contact should be with the AID country desk officer.

For further help and information call the Office of Development Planning.

Bureau for Latin America

USAIDs are the initial points of contact for OPG proposals. In Washington, primary contact should be with the Social and Civic Development Division.

Bureau for Near East

Primary contact should be made with the Office of Technical Support and with the country desk officers if appropriate.

Bureau for Asia

Primary contact should be made with the Office of Project Development.

Bureau for Development Support

Primary contact should be with the DS technical office.

For further help and information call the Office of Technical Assistance Program and Methodology.

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Bureau for Program and Management Services

Primary contact should be with the individual grant officer. For further help and information call the Office of Contract Management

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Operational Program Grant (OPG) Proposal Outline

Attachment B

Project Title: _____ Total OPG Request: _____
Project Location: _____
PVO Name and Location: _____
Central Headquarters: _____
Contact Person: _____
Date of Submission to AID: _____

A. Project Purpose and Description

- Describe project purpose and target group of beneficiaries.
- General description of project.
- Conditions expected at end of project.

B. Project Background

- History of proposal development including: problems and development objectives addressed citing any relevant studies.
- Briefly describe your prior experience in project and related areas.
- Host country activity in project/program areas - past, present, and proposed.

C. Project Analysis

1. Statement of the economic effects of the project (a) on its major intended beneficiaries, (b) on related groups, and (c) the potential to reach large numbers of people at low per capita cost. Such effects could include such desirable purposes as increased income and employment; enhanced job opportunities through encouragement of labor intensive, low cost systems of production and services; improved literacy; and better forms of education and training to help people qualify for opportunities. In its review of the proposal, AID will be comparing the benefits of the project with the cost of the proposed effort. To the extent the PVO can apply information to assist the comparison, review of the proposal will be facilitated.
2. Statement of the technology to be used and its appropriateness, and the ability of the implementing organization and beneficiaries to utilize that technology. This would also include an examination of available appropriate manpower, other inputs, market opportunities, delivery facilities, and other possible project constraints, and methods to overcome them.
3. Statement of pertinent sociocultural factors and implementing agency environment. Describe and assess impact of project on sociocultural traditions and values. Particular attention should be given to the role of women and the impact of the project on women. This section should also address, as appropriate, the degree to which the project strengthens:

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host country or local capability in provision of services which help the poorest majority of people to experience better diets, better health and child care, more manageable family size, net employment and improved purchasing power; and contributes to increasing production, processing, nutritive value and distribution of food. Indicate whose interests will be harmed by the project and whether their opposition may be critical.

4. Statement of project relationship to other considerations in the Guidelines Governing Funding for Private and Voluntary Organizations in Connection with Development Assistance Under the Foreign Assistance Program:

- directness of project impact upon people who constitute the poorest majority and are often beyond the reach of public services.
- tie in, if any, with other programs which assure complementary efforts (or plans to do so).
- potential for project to spread to larger numbers of people over an extended period of time and how this should best come about.
- potential for wide scale application of the project based on domestic resources.

5. Presentation of a realistic plan showing that the proposed activity has a reasonable chance to be institutionalized with domestic resources. This should include training of local staff to assume all project responsibilities by the time donor support terminates. An important component to the institutionalization is the means by which financing will become available to make the activity independent of external donor financing, normally starting with substantial local support at the outset of the project to assure local interest and participation.

D. Project Design and Implementation

1. Implementation Plan

- a description of how the project will be carried out, and whether or not subgrants or contracts will be made.
- how the PVO plans to provide for technical assistance; i.e., through the use of volunteers, paid staff, and/or consultants, the use of commodities, etc.
- basic assumptions about the availability and PVO management of resources.
- proposed disbursement and procurement procedures, and related controls.
- a schedule of actions required, their timing and interrelationship, and the points of responsibility for carrying them out.
- a description of how the PVO intends to monitor the above described implementation plan.
- any waivers of AID rules and regulations necessary for the good conduct of the project and which can be foreseen should be included in the OPS proposal. (Considerable effort can be saved if the

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waivers are justified at the earliest possible time. Normally, it will be expected that AID-supported projects can be conducted without waivers; however, Annex 1 is a listing of the more typical waivable items as well as the circumstances and procedures to effect the waiver.

2. Measurement and Evaluation of Project Accomplishment

The proposal should contain a schedule of planned accomplishment, giving target dates, data as to conditions at start of project, and as expected at periodic intervals until project ends. This schedule of accomplishment is distinct from the schedule of implementation action above in that it enumerates the development changes to be achieved (using measurable indicators where possible) rather than the application of resources and effort. The proposal must also contain a plan for the periodic evaluation of the project's accomplishments.

The PVO is responsible for the conduct of all evaluations. Because evaluation as practiced by AID is unfamiliar to some PVOs, Annex 2 is a somewhat amplified statement on the evaluation standards AID has established for OPG proposals.

E. Financial Plan

Budgets should be calculated by estimated cost per given period of time (year or half-year) for the entire life of the project itself, not only the costs of the organization undertaking the project. Costs are defined as accrued value of goods/services as they are procured (goods) or actually performed (services) or used up. This should not be confused with disbursements (payment of bills).

1. The budget breakdown should accord with the following applicable components. All sources of funds, including AID, should be shown separately and identified within each major cost component (i.e., 1, 2, 3, 4):

a. Personnel Costs (including Indirect Salary Costs and Benefits) in \$'s and man-months.

- (1) U.S. Technicians, etc.
- (2) Third-Country Personnel
- (3) Local Personnel

b. Training Costs (including Transportation and Subsistence) by \$'s and man-months.

- (1) Training in United States
- (2) Training in Third Countries
- (3) Local Personnel

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- c. Commodity Costs
 - (1) U. S. procured
 - (2) Third-Country procured
 - (3) Locally procured
- d. Other Costs (Illustrative)
 - (1) Cost of office and equipment rentals, etc.
 - (2) Fuel
 - (3) Transportation Costs
 - (4) Other Support Costs, including overhead* applicable to the project.

2. It is also strongly recommended that detailed budget breakdowns be available for negotiations by program activities, for example:

- a. Building a clinic
- b. Training personnel
- c. Clinic operation
- d. Community extension

F. Conditions

1. Evidence that the project's requirements for supportive resources other than that requested of AID will be available.
2. Explicit evidence of approval of the proposed project by the host country government, including information on the point of reference in the host government.

G. Statutory Considerations

Project proposals should reflect consideration of applicable statutory requirements; in particular:

1. Section 611 of the Foreign Assistance Act of 1961, as Amended, which is applicable to any AID grant or agreement obligating in excess of \$100,000;
2. Section 101 of the Foreign Assistance and Related Programs Appropriation Act, of 1975, which applies to the construction of any new flood control, reclamation, or other water or related land resource project or program; and
3. Section 105 of the Foreign Assistance and Related Programs Appropriation Act, of 1975, which applies to any capital project financed by grants from the United States.

The wording of these statutory provisions is presented below:

*It is now agency-wide policy for AID, if requested, to include overhead at established rates in arriving at the total cost and AID's share of the support for OPG's. Depending upon cost-sharing arrangements between AID and the PVO, AID will pay a share of the overhead on the same basis that it pays for a share of the other costs of the activity.

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"Sec. 611. Completion of Plans and Cost Estimates. --

(a) No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I, II, and VI of chapter 2 and chapter 4 of part I--

"(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

"(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

"(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in the Memorandum of the President dated May 15, 1962, with respect to such computations.

"(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

"(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

"Sec. 101. None of the funds herein appropriated (other than funds appropriated for 'International organizations and programs' and 'Indus Basin Development Fund') shall be used to finance the construction of any new flood control, reclamation, or other water or related land resource project or program which has not met the standards and criteria used in determining the feasibility of flood control, reclamation, and other water and related land resource programs and projects proposed for construction within the United States of America as per memorandum of the President dated May 15, 1962.

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"Sec. 105. None of the funds appropriated or made available under this Act for carrying out the Foreign Assistance Act of 1961, as amended, may be used to make payments with respect to any capital project financed by loans or grants from the United States where the United States has not directly approved the terms of the contracts and the firms to provide engineering, procurement, and construction services on such projects."

Annex 1 - Waivers

Annex 2 - Evaluation

PVO¹ GRANT HANDBOOK CLAUSE WAIVER CONSIDERATION

SEC. 4, HANDBOOK 13 REQUIREMENTS RE:	CAN THE REQUIREMENT BE WAIVED?	UNDER WHAT CIRCUMSTANCES CAN THE REQUIREMENT BE WAIVED?	WAIVER AUTHORITY IS VESTED IN:	LEGAL/ADMINISTRATIVE RIGHT DERIVED FROM
Travel Approvals	Yes. The clause requires the Grantee to obtain written concurrence from the cognizant technical office. This requirement is based on the need for ambassadors and mission directors to be aware of individuals traveling to their areas under the auspices of AID. The provisions of this clause apply only to travel costs which will be charged directly against AID granted funds.	A blanket waiver could be granted when the Grant is made or at any subsequent time if AID receives the concurrence of the concerned missions.	Blanket Waivers: Administrator Grant by grant: SER/CM	Policy Determination 59 (Grants Handbook 13, para. 4E1a)
Local Procurement	Yes. The present clause permits local procurement up to \$2,500 per purchase. A higher figure could be considered on a case-by-case basis. The provisions of this clause apply only to local procurement costs which will be charged directly to AID granted funds.	In cases where it can be demonstrated that grantees would need to purchase items costing more than \$2,500 from any one local supplier at one time.	Blanket Waivers: Administrator Grant by grant: Regional Asst. Administrators	Foreign Assistance Act, Section 604(a) and Policy Determina- tion 53 (Grants Hand- book 13, para. 1B2c(1) and 1B2c(4))
Single Source (i.e. competition)	Yes. Although the waiver possibility cannot be completely ruled out, it is doubtful that a blanket waiver could be justified. The provisions of this clause apply only to non-competitive procurements utilizing AID granted funds.	Typical examples: 1. Proprietary procurements when no substitution will suffice 2. Procurement of non-interchangeable parts/components for replacements on existing equipment.	Blanket Waivers: Administrator Grant by grant: SER/CM	Policy Determination 53 (Grants Hand- book 13, para. 1B2b and 1B2c(10))
Small Business Notification	Yes - on a case-by-case basis. It should be noted, however, that the clause presently contains sufficient flexibility for normal situations. The provision regarding small business applies to orders/contracts which will exceed \$5,000 and will be charged directly against AID granted funds.	3. Procurement of technical equipment requiring standardization and interchangeability of parts.	Blanket Waivers: Administrator Grant by grant: SER/CM	Foreign Assistance Act, Section 602
Approval of Sub-Grantees/ Sub-Contractors	Yes. Also, specific approvals of such agreements can be incorporated into the provisions of the Grant document at the time of execution. Only costs of sub-grants which utilize AID granted funds need approval.	Placement of subordinate agreements without individual written consent of the Grant Officer is possible when they can be identified at the time the grant is executed. This does not constitute a waiver but rather, advance approval by the Grant Officer on a one time basis.	Blanket Waivers: Administrator Grant by grant: SER/CM	Policy Determination 57 (Grants Handbook 13, para. 1B2b and 1B2c(10))

- NOTES: 1. For the purpose of this discussion, the term PVO does not include Educational Institutions (i.e. Universities) which are covered by Federal Management Circular (FMC) 73-8.
2. Blanket waivers are waivers which cover either: (i) all grants with a particular PVO or (ii) a particular requirement under all grants to PVOs.

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Annex 2

Evaluation

The evaluation process consists basically of answering the following three major questions:

- Has progress toward planned targets been achieved? How has this been measured? Have any unplanned results occurred?
- Does this project design have continuing relevance in the light of changes over time in host country circumstances?
- What internal elements of project design and/or what external factors caused success or failure?

1. Routine Evaluations

Evaluations should be scheduled on an episodic basis: they should be timed to provide evaluative data for implementation management decisions but should occur not less often than annually. They should draw upon progress data routinely collected by the implementation personnel and normally should be low cost and of short duration. These evaluations should be jointly conducted.

2. In Depth Evaluations

A joint evaluation in depth should be conducted for every project at least once to measure accomplishments to date, to establish the nature and impact of causal factors, and if appropriate to determine the future directions of the project.

3. Joint Evaluations

Joint evaluations as used above means the PVO in conjunction with the counterpart or cooperating organization and/or the host country. While the PVO has primary responsibility for the conduct of all evaluations, in some circumstances, AID and/or a third party may want to participate as a team member in certain evaluations. This should be agreed upon at the time the grant or amendment thereto is negotiated and should be included in the agreement. In any case evaluation plans should be presented in the OPG proposal and included in the grant agreement, whenever possible. In all cases AID should receive a copy of the evaluation report, including data upon which evaluation findings are based, and the decisions (if any) resulting therefrom.

4. Design and Evaluation Standards for OPG Projects

Either of the two options presented below may be used by PVOs submitting OPG proposals:

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Option (a): Logical Framework Matrix

AID identifies and interrelates the major factors in a project through the use of a logical framework matrix. If the PVO elects to use this option, the matrix should be attached as part of the proposal. Information drawn from the matrix should be used in drawing up the proposal narrative, particularly for Section A. (AID is prepared to train staff members of PVOs in the use of the logical framework and to work closely with the PVO to prepare the logical framework during the development of the OPG proposal. The framework will help those involved in the project design, review and subsequent evaluation of the project.)

Option (b): Evaluation/Design Elements for PVO Projects

Since some PVOs are not familiar with or may prefer not to use the logical framework, the following questions may be answered in the OPG proposal in lieu of the matrix:

1. What is the level/state of development (i.e., baseline) at the time the project is launched, e.g., production, income, savings, consumption, morbidity, caloric/protein intake, etc?
2. What is the purpose of the project, i.e., what important problem/deficiency is the project intended to solve? State the project purpose in terms which are sufficiently explicit, finite and verifiable to permit subsequent determination of whether it has or has not been achieved.
3. What are the preconditions for achieving the project purpose, i.e., what are the resource inputs necessary to achieve the project purpose and what are the intermediate accomplishments which must be in place if the project purpose is to be achieved?
4. What is the higher order development goal to which the project is expected to contribute?
5. How is it intended to measure and verify progress toward - and accomplishment of - the project purpose, the higher order development goal, and any intermediate accomplishments? How will the measurement technique to be used deal with magnitudes, target areas/ audiences and target dates?
6. What are the important external factors in the host country socio-economic environment which may affect the project? Describe these external factors as explicitly as possible, noting their criticality and anticipated behavior.

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5. Funding of Evaluation and Monitoring

Where there are requirements for consultants and other special help, such costs can be considered for financing under the OPG.

Part I

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Guidelines Governing Funding for Private and Voluntary Organizations in Connection with Development Assistance Under the Foreign Assistance Program

Purpose: The purpose of this memorandum is to set forth guidelines to be used within A.I.D. and by private and voluntary organizations in carrying out expanded funding and other relationships between A.I.D. and private and voluntary organizations in the furtherance of the development assistance programs undertaken under Sections 103, 104, 105, 106 and 107 of the Foreign Assistance Act.

Definitions: For purposes of these guidelines, private and voluntary organizations, including cooperatives, are defined as follows:

1. U.S. and other organizations that are philanthropic or service in purpose, non-profit, non-political, and non-governmental.
2. Not included are universities and other primarily educational institutions, and research organizations.

Background: Clearly, the use of Foreign Assistance Program funds must be aimed at accomplishment of the overall objectives of the Program. Specifically, development assistance funds should be used for activities that square with the basic emphases set forth in the new Foreign Assistance authorization law approved by Congress in December 1973. These include, most importantly, encouragement of actions that would most directly lead to improving the well-being of the poorest majority in the developing countries assisted by the United States. At various points in the statute itself and in various Congressional Committee reports relating to the law, Congress indicated that emphasis should be placed on:

1. Assisting less developed country governments and organizations in strengthening their capacities to function more effectively in the provision of public and private services to help their people who constitute the poorest majority to experience better diets, better health and child care, more manageable family size, constructive income producing work and improved purchasing power.
2. Integrating women into the national economies of their countries, thus improving their status and assisting in the total development effort.
3. Increasing production, processing, nutritive value and distribution of food.
4. Enhancing of job opportunities for people who constitute the poorest majority, both men and women, through encouragement of labor intensive, low cost systems of production and services, improved literacy, and better forms of education and training to help these people qualify for job opportunities.

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Guidelines: A.I.D. policy recognizes the natural affinity between the interests of the private and voluntary organizations and the Congressional emphases noted above. A.I.D. also notes the growing interest of private and voluntary organizations in developing their capacities to expand their development assistance activities. A.I.D. grants are intended to assist in this effort while preserving the identity of the private and voluntary sector. Accordingly, the guidelines apply both to (1) funding to such organizations for carrying out approved programs or projects in the less developed countries (to be known as Operational Grants) and (2) to grants to strengthen the capacities of selected private and voluntary organizations to plan, design, manage and evaluate development programs and projects (to be known as Development Program Grants - DPG's).

While A.I.D. is increasing the funds to be made available for partial support of expanded development assistance activity by private and voluntary organizations, overall funding limitations do not make it possible for all worthy organizations and projects to be funded. Accordingly, preference in the making of grants to applicant organizations, after careful review of their applications, experience and potential, shall be given to those organizations which have basic interests, objectives, development concepts, activities and plans which most clearly meet the following guidelines:

1. The basic thrust of development assistance activities should be encouragement of the creation of local motivations, capacities and entities, public or private, to act meaningfully on critical economic and social problems at hand. Activities that simply do things for developing peoples often may not contribute much to their basic development. Consequently, encouragement should be given to development assistance activities which involve meaningful participation by national, regional and community institutions in defining their mutual problems and goals. This includes their assuming responsibility for devising and operating local mechanisms for acting on their most pressing problems and the ability to carry forward the activities developed from PVO effort. Likewise, it involves encouraging local organizations in devising realistic methods and resource applications for the solution of their problems and their acceptance of responsibility for taking meaningful action and for accepting the consequences of acting or not acting. It is expected that local support will provide a reasonable portion of project requirements.

2. In the spirit of Guideline No. 1, and the requirements of the basic objectives of the Foreign Assistance Act as paraphrased in the background statement of this paper, preference for A.I.D. support will

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be given to programs in developing countries helped by the people of the United States which are directed to, and show the greatest promise of meeting, the most urgent needs of the people who constitute the poorest majority and are often beyond the reach of public services. This would include strong consideration of capability/readiness of private and voluntary organizations to work in areas of special emphasis or priority identified by A.I.D. on the basis of program requirements in areas determined to need greater attention in countries or regions of proposed operation. Assessment of probable effectiveness will be based on such factors as the following: potential for reaching large numbers of people at low enough per capita cost to be financed from the resources of the developing countries; directness of impact on the people who constitute the poorest majority; clarity of definition of the target group; plans of the grantee, or tie-in with other programs which assure complementary efforts necessary to provide a higher standard of living to the target group; and potential interest and capacity of the grantee or other organizations to spread the program to large numbers of people over an extended period of time.

Additional program considerations to be applied would include the selection of an appropriate technology for the project and the particular circumstances of those receiving assistance, and involve considerations specific to particular locales such as regional and national jurisdictions, ecological zones, and cultural groups. Also, PVC participation in development activities might be especially relevant to country situations, such as those of the least developed countries, requiring U.S. assistance beyond the scope of existing A.I.D. programs.

Some illustrations may be helpful:

- Preference would be for low cost preventive health delivery systems taking into account the capacity of the government to extend services to a large segment of the population over the long term.
- Assistance in agricultural production would need to be preceded by assurance that required supportive resources, including credit, marketing assistance, storage, materials and techniques, and transport and communication facilities will be available.
- Vocational education for both men and women should be linked to adequate employment opportunities. Rural education should relate to the most basic needs, such as health and agricultural production, and inputs necessary for health and agricultural improvements should be planned for by the grantee or another source.

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3. Foreign Assistance Program funds provided to private and voluntary organizations to carry out approved programs and projects under both types of grants, DPG and operational, should be made available on a specific time basis, but with a possibility for continuing in the same or amended form for subsequent fixed periods. Responsible A.I.D. and private and voluntary organization officials at the time applications for A.I.D. funds are under consideration, and preferably at even earlier points in determining LDC needs, should develop a mutual understanding as to program or project objectives, strategies, desired or expected results in agreed-upon time periods, and evaluation methods. Joint program reviews will be held at reasonable periods. These should lead to definite judgments by responsible A.I.D. officials as to whether the programs and projects of private and voluntary organizations partially supported with Foreign Assistance Program funds have met the agreed-upon goals and remain consistent with these guidelines.

4. Development assistance activities normally cannot be expected to solve the problems of the developing countries. At best, the development agencies, public and private, can help illuminate for developing country governments and groups promising paths toward solution of problems. Promising ideas or approaches can be devised and tested, and through training and practice, local capacities can be built up. In time, some of the ideas and approaches may offer good potential for extended application in meeting the actual needs of the people who constitute the poorest majority. Clearly, approaches that require resources beyond the reasonably expected capacities of the developing countries concerned will have little true development value to them. Generally, therefore, programs and projects helped with Foreign Assistance Program funds should, when executed, offer solid potential for wide-scale application in the particular developing countries concerned or elsewhere, and be supportable within the levels of resources, including skilled manpower and funds, that such countries might reasonably expect to have available to them for use in these respects.

5. Development assistance funds from A.I.D. under this policy will be directed to the expansion of the scope of private and voluntary organization project activities of high merit or initiation of new project efforts expected to bring about significant improvement in the lives of the people who constitute the poorest majority. Provisions of A.I.D. funds are intended to assist grantees in developing added or new capacities and activities rather than simply to supplant current non-A.I.D. funding. Innovative projects should be encouraged.

6. The extent of private U.S. support available over time, whether financial or in kind, will be a consideration in determinations affecting A.I.D. funding of activities which have high substantive merit. In addition to the aforementioned consideration, it is recognized

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that the capabilities of organizations differ and may require assessment of individual proposals on their merits and in the context of those capabilities. Mobilization of private support is important both as a demonstration of unofficial American interest and as a complement to the severely limited appropriations available. Furthermore, substantial private support is conducive to the collaboration among equals that both A.I.D. and the private and voluntary organizations desire, and helps avoid compromising the independence of the private and voluntary organizations.

7. Private and voluntary organizations exist in great numbers with diverse interests and capacities. Given the finite levels of available resources, steadily rising costs and the consistent need to bring all pertinent talent to bear on development assistance problems, there will be increasing opportunities for the linking of separate but related talents. Clearly, there can be great value to all concerned in the evolution of processes that enable private and voluntary organizations to combine their talents and resources to produce ranges of competence and capacity beyond the potential of the collaborating organizations if they each were to operate alone. A.I.D. will not attempt to impose any particular consortia requirements. However, in a process of mutual exploration and encouragement, special encouragement will be given to grants to combinations of private and voluntary organizations, including multilateral agencies and LDC private organizations that can work out amalgamations of resources and/or divisions of labor that will strengthen the coordinated application of their respective resources in the carrying forward of development assistance activities.

Eligibility Requirements: Certain requirements must be met by any private and voluntary organization if it is to receive funds from A.I.D. These include all applicable requirements of the Foreign Assistance Act, other relevant statutes, and all applicable Executive Orders, or rules and regulations governing recipients of public funds.

Eligibility requirements of particular relevance to PVO's follow:

1. To be eligible for receiving the operational grant funds a private and voluntary organization must satisfy A.I.D. that it possesses managerial competence in planning and carrying out development assistance programs or projects and that it will practice mutually agreed-upon methods of accountability for funds and other assets provided by the U.S. taxpayer.

2. In considering requests for Development Program Grants (DPG's) A.I.D. will assess whether applicant organizations have the solid potential of developing within a suitable and mutually agreed-upon period, the managerial competence and methods required to plan and execute programs or projects in accordance with the criteria provided in the guidelines set forth above. Applications for DPG's will require specific identification of basic strategies and probable target countries.

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3. Assistance to private and voluntary organizations will need to be preceded by assurances that other required supportive resources will be available, including consideration as to whether other necessary pre-conditions have been anticipated and correlated in planning the proposed activity.

4. Private and voluntary organizations that receive Foreign Assistance Program funds must be able to demonstrate that their activities, whether directly or through indigenous agencies, are acceptable to host country governments and that they have formal or informal acceptance to function in agreed-upon ways and for agreed-upon purposes within host country jurisdictions.

5. Because of the variety of programs and legislative authorizations under which grants are made and administered, it is not possible to make sweeping statements as to the applicability of various types of legislative restrictions to all kinds of grants, and General Counsel advice will be sought by A.I.D. on what is required for particular types of grants when they are contemplated. In addition to prudent management, the following other legal requirements are of general applicability to the foreign assistance program and must be given consideration to determine whether they apply in each case:

- a. U.S. flag carrier preference;
- b. equal opportunity (see A.I.D. Regulation 9 which applies specifically to grants);
- c. avoidance of benefit to officials;
- d. source-origin requirements for procurement;
- e. use of available U.S.-owned foreign currency;
- f. for capital assistance projects, prior completion of plans and cost estimates and A.I.D. approval of contracts and contractors;
- g. restrictions against assistance to certain countries;
- h. program description and legal commitment on the part of A.I.D. sufficient to support the obligation of funds;
- i. maintenance of objective standards and avoidance of favoritism in the selection of contractors and grantees.

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However, apart from the above statutory requirements, grants are not normally subject to the Federal and A.I.D. Procurement Regulations. These rules and regulations will be interpreted as flexibly as possible but still must be in accordance with the acceptable procedures for the prudent management of public funds.

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APPENDIX 3B

INTERMEDIATE CREDIT INSTITUTIONS

In addition to the requirements of Chapter 5, this Instruction outlines the basic information appropriate for submission with a Project Paper, for AID financing of credit institutions such as agricultural credit institutions and development banks. Projects involving agricultural credit should make reference to the materials developed as part of AID's 1973-74 Spring Review on small farmer credit.* Where assistance is for a proposed new institution, all available information should be supplied including information called for in the following checklist plus any additional information the applicant deems relevant. Where assistance is to an institution AID has previously helped, far less detail per section A, below, is necessary.

A. The Applicant

1. Official name of institution.
2. Mail and cable addresses.
3. Nature of present financial operations (kind of loans made, purpose, terms, etc.), with references to applicable provisions in charter, by-laws and policy statements.
4. Legal basis for institution, including statutory authority, articles of agreement or charter, and other founding documents. Such submission shall include statutes and regulations materially affecting the credit operation of the institution.
5. Policy statements covering the philosophy and method of operations of the institution and how the institution links in with basic sectoral policy, employment strategies, subsidies (reason and manner of operation), restrictions in loan size, purposes, etc.
6. Geographic area of operations.
7. Description of the capitalization: equity and debt; how raised; list of subscribers or principal stockholders, including biographic sketches as appropriate; term of debt capital, etc.

* See especially "Small Farmer Credit: Summary Papers," A.I.D. Spring Review of Small Farmer Credit, Vol. XX, June 1973, No. SR 120, available from AID.

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8. Balance sheets and profit and loss statements covering each of the previous 5 years of operations.
9. Description of the organizational structure of the institution.
10. Biographic data of Directors, including a description of their present full-time positions and indicating financial and management experience and other qualifications.
11. Biographic data of management officials, indicating financial and management experience and other qualifications and principal previous experience.
12. Detailed description of procedures for processing loan applications, monitoring loans, enforcing collection remedies, etc.

B. AID Financing Request

1. Amount of funds requested, an estimate of the time period during which the institution expects such funds would be subloaned, and the basis for this request and estimate.
2. Amount of funds available to the institution from agencies other than AID, and a description of how the institution intends to apply these funds, including local and foreign currencies.
3. Proposed use of AID funds and credit-worthiness criteria which the institution will apply to screen applicants. This should include a general description of the type of loans to be made, maturities of the loans, amount of equity which will be required from borrowers from the bank, amount and kind of security which will be required from borrowers, interest rate which will be charged, and a contemplated form of loan agreement which will normally be used.
4. With respect to an application for AID development loan financing:
 - (a) Tentatively proposed repayment schedule.
 - (b) Proposed AID interest rate.
 - (c) Where AID's loan to the institution is to be covered by a government guaranty, the nature of the guaranty.
5. Justification of the spread between the expected rate of interest (if any) to be payable to AID and the rates the institution proposes to charge ultimate borrowers, in terms of the institution's projected administrative and other costs, including:

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(a) Any special technical assistance functions that the institution intends to provide for borrowers as an inherent part of its loan operations.

(b) The cost of attracting further resources; e.g., interest rate payments to depositors and other lenders and dividend payments to shareholders, including analysis of the relationship of these rates to other interest rates generally prevailing in the country, especially for comparable types of credit.

(c) Adequacy of the projected rate spread to serve as, and other measures to be taken to provide, a hedge against losses due to any anticipated inflation.

(d) Provision for reserves against anticipated losses.

(e) The extent to which government subsidies will offset the foregoing costs.

C. Relationship of the Activities of the Institution, Actual and/or Projected to the Country's Overall Economic and Sector Development Requirements

1. Present and projected demand within the country for the type of credit to be offered by the applicant. This should include data showing with respect to the sector or sectors in which the applicant will operate the following:

(a) Investment over the past several years;

(b) Estimated required annual investment over the next 5 years; and

(c) Scope and extent of operations of other intermediate credit institutions and commercial banks in the country.

D. Estimated Results of Proposed Financing

1. Anticipated contribution to development of both the country and the sector or sectors in which the applicant will operate.

2. Relation to the overall development of program of such country.

3. Anticipated effect, if any, on the foreign exchange position of such country.

4. Other relevant information and background.

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E. Operations Projection

Pro forma operating statements covering the first 5 years of operation, following receipt of AID funds, showing interest charges, interest payments, operating expenses, projected annual net profit and proposed distribution thereof, and indicating any special factors known to or anticipated by the applicant, that may affect the projections.

F. Other Sources of Financing

The application should describe any prior attempts by applicant to obtain credit from other public and international lending agencies or private financing sources, including stock subscriptions, and the terms, if any, on which such capital is or may be available. The applicant should describe any role that a foreign government or governmental agency or any international or private institution, such as the IBRD, IDA, IFC or IDB, or an Edge Act corporation has played in the establishment and/or operation of the institution.

G. Documentation

In addition to the documents and pro forma statements outlines required above, the applicant should submit any other pertinent material supporting the application or bearing on the institution which is necessary for a complete understanding of the information furnished or of applicant's purposes, sponsorship, history plans.

APPENDIX C

AID REGULATION 3

There follows below the revised text of AID Regulation 3 effective January 30, 1976, as published in the Federal Register on February 11, 1976 (41 F.R. 6066 and 6067).

PART 203—REGISTRATION OF AGENCIES FOR VOLUNTARY FOREIGN AID

Part 203 of 22 CFR is revised to read as follows:

Title 22, Chapter II, Part 203 has been revised to clarify the purpose and function of registration, the conditions of registration and the circumstances under which certificates of registration will be issued.

- Sec.
- 203.1 Purpose and function.
 - 203.2 Application for registration.
 - 203.3 Conditions of registration.
 - 203.4 Certificates of registration.
 - 203.5 Approval of programs, projects and services.
 - 203.6 Termination of registration.
 - 203.7 Access to records.
 - 203.8 Waiver authority.

AUTHORITY: The provisions of this Part 203 issued under the 22 U.S.C. 424, as amended; 22 CFR 203; E.O. 12976, 30 FR, 1969-63 Comp.

§ 203.1 Purpose and function.

To further public interest in the field of voluntary foreign aid and the activities, other than religious, of private voluntary organizations engaged in that field, the Advisory Committee on Voluntary Foreign Aid (referred to in this part as the Committee) is authorized and directed to establish and to maintain, pursuant to the rules set forth in this part, a register of such nongovernmental organizations qualified for and voluntarily accepting registration. The purpose of such registration is to enable the Committee (a) to facilitate cooperation between the Agency for International Development (referred to in this part as A.I.D.) and other agencies of government and private voluntary agencies in the field of foreign aid, (b) to determine which private voluntary organizations are eligible to seek authorized United States Government subventions, (c) to provide information on the identity, the types of activities conducted by and the financial condition of registrants, and (d) to provide advice and perform such other functions as may be necessary in furtherance of the purposes set forth in this section.

§ 203.2 Application for registration.

Any U.S. private, nonprofit organization engaging in voluntary aid operations in areas outside the United States, including, but not limited to, services of relief, rehabilitation, disaster assistance, development assistance, and welfare, in the fields of health, education, population planning, nutrition, agriculture, industry, refugee services, emigration, and resettlement, may voluntarily make application for registration to the Chairman, Advisory Committee on Voluntary Foreign Aid, Agency for International Development, Washington, D.C. 20623. Any organization registered under this part shall be referred to in this part as a registrant.

§ 203.3 Conditions of registration.

(a) Each applicant for registration shall submit evidence by its charter, articles of incorporation, constitution, by-laws, audit by a Certified Public Accountant, other relevant documents, and such statements as may be required by the Committee supportive of the assertion that:

(1) It maintains its principal place of business in the United States, at which shall be maintained books and records covering its operations;

(2) It is controlled by an active and responsible body whose members serve without compensation for such service, who are principally U.S. citizens, who have accepted the responsibility to carry out the activities of the agency to be reported to the Committee, and who will exercise satisfactory controls to assure that its services and resources are administered competently for charitable purposes, and that paid officers or staff members will not control or interfere in any decisions of the voting members of such body;

(3) It has been authorized by the Internal Revenue Service to inform donors that their contributions may be deducted for Federal income, estate, and gift tax purposes;

(4) Its overseas activities or enterprises are consistent with its purposes and objectives as set forth in its articles

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§203.3(a)(4)

of incorporation and included in the application, or in any subsequent modification of programs, projects, or services to be filed with the Committee;

(6) It will obtain, expand, and distribute its funds and resources in conformity with accepted ethical standards, without unreasonable cost for promotion, publicity, fund raising, and administration at home and abroad.

(b) Each registrant shall submit such current and periodic reports and information in such forms as the Committee may require from time to time pertaining to the registrant's organization, programs, projects, and finances, including audits by a certified public accountant, and other pertinent evidence of its activities, in order that the Committee may reassure itself of the continuing validity of the registration. Each registrant shall give prompt written notice to the Committee of material changes in its organization, purposes, governing personnel, or overseas program activities.

§ 203.4 Certificates of registration.

Certificates of registration will be issued by the Committee to applicants which fulfill the requirements set forth in paragraph (a) of § 203.3 and upon the finding of the Committee that the general purposes to be served are of a character and fulfill a need that justify appeals for voluntary support, warrant the cooperation of the U.S. Government, and otherwise are deemed to serve charitable purposes. Such certificates may be withheld, at the discretion of the Committee, in the absence of a satisfactory showing by the applicant that its financial resources and demonstrated management capability are of sufficient substance to enable it to perform the services it proposes. Notice of issuance of certificates will be published in the FEDERAL REGISTER.

§ 203.5 Approval of programs, projects, and services.

(a) In applying for authorized subventions in furtherance of the purposes and objectives of their organizations, registrants shall submit applications provided by the Committee or otherwise as may be required:

(1) Detailing specific country programs, projects, or services of relief, rehabilitation, disaster assistance, development assistance, and welfare, in the fields of health, education, population planning, nutrition, agriculture, industry, emigration, refugee services and resettlement.

(2) Except as provided for in (b) of this section, supplying evidence that:

(i) Satisfactory assurances have been obtained from the government of the country in question that appropriate facilities are or will be afforded for the necessary and economical operations of the program, project, or service including:

(A) Acceptance of the specific program, project or service;

(B) The supplies approved in support of the program, project, or service are free of customs duties, other duties, tolls and taxes;

(C) Treatment of supplies as a supplementary resource;

(D) The identification of the supplies, to the extent practicable, as to their United States origin; and

(E) Insofar as practicable the cost-free reception, unloading, warehousing, and transport of the supplies to points of distribution.

(3) Supplying evidence that:

(i) Shipments will be made only to consignees reported to the Committee and full responsibility is assumed by the registrant for the noncommercial distribution of the supplies free of cost to the persons ultimately receiving them, or, in special cases and following notice to the Committee for sale to recipients at nominal cost or as payment for work performed to promote projects of self-help and economic development, but in no case shall supplies be withheld from needy persons because of their inability to pay or work; and

(ii) Distribution is made solely on the basis of need without regard to race, color, religion, sex, or national origin;

(iii) That (3) (i) and (ii) of this section are conducted under the supervision of a resident U.S. citizen specifically charged with responsibility for the program or project, or by non-U.S. citizens upon justification to and approval by the Committee upon consultation with the offices having operational responsibility within A.I.D.

(b) Compliance with (a) (2) (i) of this section is not required when the specific program, project, or service is within the scope of any agreement that has been concluded between the U.S. Government and the government of the country of interest in furtherance of the operations of registrants acceptable to such governments.

(c) On approval of such applications written notice thereof will be issued by the Committee as a supplement to certificates of registration.

§ 203.6 Termination of registration.

(a) Registration shall remain in force until:

(1) Relinquished voluntarily by the registrant upon written notice to the Committee, or

(2) Terminated by the Committee for failure of the registrant to fulfill and maintain the conditions of registration.

(b) Termination proceedings pursuant to paragraph (a) (2) of this section shall include prior written notice to the registrant of the grounds for the proposed termination and opportunity for it to show cause why its registration should not be terminated.

(c) A formal notice of termination of registration shall be published in the FEDERAL REGISTER.

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§ 203.7 Access to records.

All records, reports and other documents which are made available to or prepared for or by the Committee pursuant to this Part 203 shall be made available for public inspection and copying pursuant to and under the procedures established by the public information regulation (32 CFR 215) of the Agency for International Development.

§ 203.8 Waiver authority.

(a) The Committee may waive at any time any or all of the provisions of this Part 203 if the Committee determines it is in the public interest so to do.

(b) The Administrator of the Agency for International Development may waive, withdraw, or amend from time to time any or all of the provisions of the regulations in this part.

Effective date. These regulations are effective January 30, 1976.

Dated: January 30, 1976.

DANIEL PALMER,
Administrator.

[FR Doc. 76-3696 Filed 3-10-76; 8:45 am]

Attachment A - Interim Registration Operational Guidelines

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INTERIM REGISTRATION OPERATIONAL GUIDELINES

The basic provisions describing the process whereby organizations register with the Advisory Committee on Voluntary Foreign Aid, of the Agency for International Development, are contained in A.I.D.'s Regulation 3 (Title 22, Chapter II, Part 203). The current Interim Operational Guidelines pertaining to the registration process are contained in this document. Sections of Regulation 3 not covered in these Guidelines are omitted since the text is, in these instances, self-explanatory. These Guidelines cover the following topics:

- A. The Registration Application - Section 203.2
- B. The Basic Conditions of Registration - Section 203.3
- C. New Applicant Procedures - Section 203.3A
- D. Informational Materials to be Supplied Annually by Registrants - Section 203.3B
- E. Procedures Pertaining to Existing Registrants - Section 203.3B
- F. Approval - Section 203.5
- G. Access to Records - Section 203.7

A. The Registration Application (See Section 203.2). The following documentation is required at the time an organization applies for registration:

1. A letter requesting registration, including a brief narrative statement describing the agency's organization, purpose and principal activities.
2. A copy of the IRS tax exemption statement.
3. Articles of incorporation, bylaws, constitution, or other relevant documents.
4. An audit by a Certified Public Accountant, prepared in accordance with the American Institute of Certified Public Accountants Industry Audit Guide for Audits of Health and Welfare Organizations.
5. The latest annual report.
6. The names, addresses, occupations, and citizenship of the Board of Directors and the number of times (average) the board meets annually.
7. The minutes of several recent board meetings.
8. Fund raising material and literature (if any).
9. A copy of the proposed functional budget for the following year.
10. Statement of reasons for seeking registration.

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B. The Basic Conditions of Registration (See Section 203.3 of Regulation 3).

1. Section 203.3A - Audit by a Certified Public Accountant

The guidelines concerning financial standards require a CPA audit report from each new applicant and annually thereafter from each registrant based on the American Institute of Certified Public Accountants Industry Audit Guide.

Since the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations as revised in 1974 are consistent with the AICPA Guide, the Committee also requires that the books of registered organizations be maintained in accordance with those standards, as revised in 1974 and/or as they may be revised from time to time.

New organizations which have been in existence less than a year should provide an independent certified public accountant's statement that a financial system consistent with the AICPA Industry Guide and the Standards of Accounting and Financial Reporting for Voluntary and Welfare Organizations has been installed.

2. Section 203.3A (2) - Boards of Directors

The Committee seeks to determine that a board will (and continues to) accept "... the responsibility to carry out the activities of the agency to be reported to the Committee, and ... will exercise satisfactory controls to assure that its services and resources are administered competently for charitable purposes ..." by reviewing:

- the occupation and citizenship of the board members to ascertain whether the board is composed principally of U.S. citizens;
- recent board minutes to assess whether there is factual and accurate periodic fiscal and operational reporting to the board such as to assure that the board can judge whether the resources are being administered wisely;
- recent board minutes to assess the role of the board, and the composition of the majority in decisions requiring a vote.

3. Section 203.3A (4) - Consistency Between Purpose and Activity

The degree of consistency between the activities of an organization and its purposes are reviewed by comparing the activities (as

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reflected, for example, in the annual report and/or the CPA audit) with the articles of incorporation, bylaws and/or other documents describing the purposes of the organization.

4. Section 203.3A (5) - Accepted Ethical Standards

(a) The Advisory Committee endorses the Standards for Charitable Solicitations of the Better Business Bureau in defining the "accepted ethical standards" phrase in Section 203.3A (5). Further in this regard it is the Committee's position concerning the public use of the fact of an organization's registration that any use of that fact which might lead the public to construe government endorsement of the activities of the agency is not approved by the Committee.

(b) The Guideline applicable to fund raising costs adopted by the Committee is as follows:

"When a registered agency's fund raising costs reach 20% of funds raised and the value of publicly contributed gifts in kind, the staff will notify the agency of the Committee's concern, discuss the matter with it, and seek appropriate remedial action as necessary in light of the circumstances. This action will be reported to the Committee. If corrective action is not taken within a reasonable time, the agency will be requested to review the matter with the Advisory Committee. Registered agencies whose fund-raising costs equal or exceed 30%, when this same formula is applied, will be brought to the attention of the Advisory Committee without prior staff action, and the agency will be requested to review the matter with the Advisory Committee."

(c) Administrative costs as a percentage of total expenses will be identified in each instance and reviewed on an ad hoc basis.

C. New Applicant Procedures After Receipt of an Application (203.3A).

1. The review of each new application includes a review of the CPA audit and related financial documents by an appropriate staff member.
 2. Each new applicant will be visited by a member of the Committee (and a staff member, as appropriate). In addition, Committee staff should consult with USAID or Embassy staff in the country or countries where the applicant has programs.
 3. A new application will be presented to the Committee once the staff analysis and Committee (and staff) visit have been completed unless the applicant does not meet the basic registration conditions.
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C.3.

The status of applications not meeting basic registration requirements will be reported to the Committee.

4. If the applicant organization has been in existence less than a year, and/or it is difficult to estimate whether financial resources are of sufficient substance to maintain its operations the application will be handled on a case-by-case basis.

D. To fulfill the conditions of Registration registrants are required to apply the following informational materials annually to the Committee (Section 203.3B).

1. An audit by a CPA.
2. Statement of Income and Expenditures - Schedule C-100.
3. Report of Exports - Schedule C-200.
4. Annual Report (or similar appropriate report).
5. A representative sampling of the latest fund raising literature.
6. List of changes in board memberships including addresses; citizenship and occupation.
7. A copy of the proposed functional budget for the following year.

E. Existing Registrant Procedures (Section 203.3B)

1. Issues concerning individual registrants or groups of registrants will be brought to Committee attention as and when they occur and/or are identified.
2. Reports will be made, during the course of the year, on the status of all registered organizations, and whether they continue to meet the basic registration conditions. These periodic reports to the Committee shall include field reports from the appropriate USAID's or Embassies. To stagger the workload, these reports will be made at separate meetings during the year, each report to cover a group of agencies. All registered agencies will be reported on during the year. If the Committee formally schedules a review of an agency, it may require action minutes for the preceding year.
3. Registered agencies will be invited to appear before the Committee at least once every two years to discuss their program, operations and special matters of concern. These meetings will be scheduled in different parts of the country.

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E.

4. The annual review of the status of registrants will be coordinated whenever possible with the meeting with individual agencies.

5. Registered organizations may, at any time, request a meeting with the Advisory Committee.

F. Approval (Section 203.5).

The Operational Guidelines for this section are contained in the "Here's How Manual" prepared as guidance for organizations applying for the subventions.

G. Access to Records (Section 203.7)

The public information regulation of the Agency for International Development (22 CFR 212) establishes the procedures by which all records, reports and other documents which are made available to or prepared for the Committee pursuant to the regulation on registration shall be made available for public inspection and copying. Similarly it is the position of the Advisory Committee regarding the availability of financial data to the public by a registered agency that the organization should make public on request its financial report and detailed information on expenses and programs.

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APPENDIX 6D

AID REGULATION 2

There follows below the text of AID Regulation 2, as amended in its entirety effective July 28, 1977, per publication in the Federal Register of August 10, 1977 (42 F.R. 40428 - 40430)

- ..Initially effective May 4, 1963, per publication in the Federal Register of May 14, 1963 (28 F.R. 4789).
- ..Section 202.1 (f) was revised effective July 4, 1963, per publication in the Federal Register of July 4, 1963 (28 F.R. 6874).
- ..Section 202.2 was revised per publication in the Federal Register of July 20, 1965 (30 F.R. 9059).
- ..Revised effective August 1, 1979, per publication in the Federal Register of July 17, 1979 (44 F.R. 41425).

DEPARTMENT OF STATE

Agency for International Development

CHAPTER II--AGENCY FOR INTERNATIONAL DEVELOPMENT, DEPARTMENT OF STATE

(AID Reg. 2)

PART 202--OVERSEAS SHIPMENTS OF SUPPLIES BY VOLUNTARY NON-PROFIT RELIEF AGENCIES

A.I.D. Regulation 2 is hereby revised as follows:

- Sec.
- 202.1 Definition of terms.
 - 202.2 Shipments eligible for reimbursement of freight charges.
 - 202.3 Freight Reimbursement limitations.
 - 202.4 Certificates.
 - 202.5 Approval of programs, projects and services.
 - 202.6 Applications for reimbursement of freight charges.
 - 202.7 Documentation required for reimbursement.
 - 202.8 Refund by suppliers and/or agencies.
 - 202.9 Waiver authority.

Authority: 202.1 to 202.9 issued under sec. 521, 75 Stat. 424, as amended; 22 U.S.C. 2151. Interpret or apply secs. 102, 92-Stat. 937, 22 U.S.C. 2151a; E.O. 10073, 28 FR 10469, 3 CFR 1961 Supp.

§ 202.1 Definition of terms.

- (a) "The Administrator" means the Administrator of the Agency for International Development.
- (b) "The Committee" means the Advisory Committee on Voluntary

Foreign Aid of the Agency for International Development.

(c) "Supplies" means development, relief and rehabilitation supplies shipped in support of programs approved by AID as well as administrative supplies and equipment shipped in support of such programs. In no case shall such supplies include items for the personal use of representatives of the registered agency.

(d) "Agency" or "agencies" means the American Red Cross and any United States voluntary non-profit relief agency registered with and approved by the Committee.

(e) "Duty free" means exempt from all customs duties, and other duties, tolls, and taxes of any kind.

(f) "Recipient country" means any country or area in which voluntary non-profit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid have programs approved by AID.

(g) "Reimbursement" means (1) payment directly to an agency by AID, or (2) payment to an agency by a banking institution in the United States acting under letter of commitment issued by AID guaranteeing subsequent reimbursement to the banking institution of such payment.

(h) "Port of entry" means an ocean port in the recipient country.

(i) "Point of entry" means the first customs point, or any otherwise designated point in a recipient country

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202.1(1)

which receives imported commodities via an ocean port not located in the recipient country.

§ 202.2 Shipments eligible for reimbursement of freight charges.

(a) In order to further the efficient use of United States voluntary contributions for development, relief, and rehabilitation in nations or areas designated by the Administrator of AID from time to time, agencies may be reimbursed by AID within specified limitations for freight charges incurred and paid in transporting supplies donated to or purchased by such agencies from United States ports or, in the case of excess or surplus property supplied by the United States, from foreign ports to ports of entry in the recipient country or to points of entry in the recipient country in cases (1) of landlocked countries, (2) where ports cannot be used effectively because of natural or other disturbances, (3) where carriers to a specified country are unavailable, or (4) where a substantial savings in costs or time can be effected by the utilization of points of entry other than ports.

(b) Shipments shall be eligible for reimbursement of freight charges only as authorized by the issuance by AID of a Procurement Authorization (Form AID 1180-4).

(c) The Office of Commodity Management, Bureau for Program and Management Services, AID, shall be responsible for determining when carriers are "unavailable."

§ 202.3 Freight reimbursement limitations.

Economic utilization of AID funds available for reimbursement to agencies for freight charges incurred and paid by such agencies for the shipment of donated or purchased supplies to a recipient country requires the following limitations on amounts reimbursable:

(a) *Ocean freight.* The amount of ocean freight charges reimbursable to an agency is limited to the actual cost of transportation of the supplies as assessed by the delivering carrier either in accordance with its applicable tariff for delivery to the discharge port or in accordance with the applicable charter or booking contract at a rate not exceeding the prevailing rate, if any, for similar freight services, or the rate paid to the supplier of ocean transportation for similar services by other customers similarly situated, as attested to by the supplier in Block 13 of Form AID 1550-1, entitled "Voluntary Agency and Carrier Certificate." (See § 202.4(a).)

(b) *Inland freight.* The amount of inland freight charges reimbursable to an agency is limited to the actual cost of transportation of supplies from pickup point in initial port of discharge to designated point of entry in the recipient country at a rate negotiated by the agency representative as attested to by such agency representative in Block 14 of Form AID 1550-1, entitled "Voluntary Agency and Carrier Certificate." (See § 202.4(b).)

(c) *Related shipping costs.* Where inland freight charges are reimbursed, expenses incurred in transferring supplies from ocean carrier to inland carrier may be reimbursed to the agency when such expenses are not for account of the ship nor included in the inland transportation charges.

§ 202.4 Certificates.

Certificates will be required as follows:

(a) *Ocean transportation.* The supplier of ocean transportation will execute Form AID 1550-1, entitled "Voluntary Agency and Carrier Certificate," in an original and two copies.

(b) *Inland transportation and related shipping costs.* Where inland transportation, including related shipping costs, is reimbursable under provisions of § 202.3, the representative of the agency will execute Form AID 1550-1, entitled "Voluntary Agency and Carrier Certificate," in an original and two copies when, in the absence of published tariffs or a prevailing rate, it is necessary to negotiate for the shipment of the supplies.

§ 202.5 Approval of programs, projects and services.

(a) Prior to applying for reimbursement for freight charges, an agency must obtain AID's written approval of its programs by submitting the following information to the Chief, Public Liaison Division, Office of Private and Voluntary Cooperation, Bureau for Private and Development Cooperation, Agency for International Development, Department of State, Washington, D.C. 20523.

(1) A narrative description detailing the agency's specific country programs, objectives, projects, or services of relief, rehabilitation, disaster assistance, development assistance and welfare;

(2) Except as provided for in paragraph (b) of this section, evidence that written assurances have been obtained from the government of the recipient country that:

202.5(a)(2)

(i) Appropriate facilities are or will be afforded for the necessary and economical operations of the program, project, or service;

(ii) The specific program, project, or service has been accepted;

(iii) The supplies provided in support of the program, project or service will be free of customs duties, other duties, tolls and taxes;

(iv) The supplies will be treated as a supplementary resource;

(v) The supplies will be identified, to the extent practicable, as being of United States origin; and

(vi) Insofar as practicable, the supplies will be received, unloaded, warehoused, and transported cost-free to points of distribution;

(3) Evidence that:

(i) Shipments will be made only to consignees reported to AID, and full responsibility is assumed by the agency for the noncommercial distribution of the supplies free of cost to the persons ultimately receiving them, or in special cases and following notice to AID, for the sale to recipients at nominal cost or as payment for work performed to promote projects of self-help and economic development, but in no case shall supplies be withheld from needy persons because of their inability to pay for work; and

(ii) Distribution is made solely on the basis of need without regard to race, color, religion, sex or national origin;

(iii) That paragraph (a)(3)(i) and (ii) of this section are conducted under the supervision of the agency's representative specifically charged with responsibility for the program or project.

(b) Compliance with paragraph (a)(2) of this section is not required when the specific program, project, or service is within the scope of any agreement that has been concluded between the U.S. Government and the Government of the recipient country which furthers the operations of an agency acceptable to the recipient country.

(c) On approval of the agency's programs written notice thereof will be issued by AID to the agency.

§ 202.6 Application for reimbursement of freight charges.

(a) Any agency may make application for reimbursement of freight charges incurred and paid on shipments eligible under § 202.2 provided:

(1) The agency has received AID's written approval of the programs, projects, and services in accordance with § 202.5.

(2) The application for reimbursement of freight charges together with documentation required under § 202.7 is submitted to the Agency for International Development, Attention: Banking and Finance Division, Office of Financial Management, Washington, D.C. 20523, or to a U.S. bank holding an AID letter of commitment.

(b) In the case of ocean transportation, the application must be submitted within 60 days of the date of the related ocean bill of lading. In the case of inland transportation the application must be submitted within 180 days of the date of the related ocean bill of lading.

§ 202.7 Documentation required for reimbursement.

Claims for reimbursement of freight charges must be supported by the following documents:

(a) *Voucher SF 1034*. "Public Voucher for Purchases and Services Other than Personal"—Voucher SF 1034 in original and three copies to be prepared by the agency requesting reimbursement of freight charges.

(b) *Bills of lading*—

(1) *To ports of entry*. Where the shipment is made to a port of entry, ocean or charter party bill of lading (or photostat) evidencing shipment from an eligible port of export as prescribed in § 202.2(a) to the port of entry. The bill of lading shall indicate the carrier's complete statement of charges including all relevant weights, cubic measurements, rates, and any applicable tariff surcharges.

(2) *To points of entry*. (i) Where the shipment is made to a point of entry and through bills of lading to designated point of entry are not issued, an ocean or charter party bill of lading (or photostat) evidencing shipment from an eligible port of export as prescribed in § 202.2(a) to the port of discharge, and a receipted copy of the rail, truck, or barge bills of lading (or other acceptable commercial document) covering the transportation of the supplies from the ocean carrier's point of delivery at port of discharge to point of entry in recipient country, correctly assessed at time of loading by the land carrier for freight on a weight, measurement, or unit basis to point of entry in recipient country and from point of entry to point of delivery in the recipient country. The bill of lading shall indicate the carrier's complete statement of charges including

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202.7(b)(2)(1)

all relevant weights, cubic measurements, rates and any applicable tariff surcharges.

(ii) Where shipment is made to point of entry and through bills of lading are issued, a receipted copy of the through bill of lading evidencing shipment from an eligible port of export as prescribed in § 202.2(a) to point of entry in the recipient country. The bill of lading shall include the carrier's complete statement of charges including all relevant weights, cubic measurements, rates, and any applicable tariff surcharges.

(c) *Receipted invoices.* One copy (or photostat) of the detailed invoice of the supplier of the transportation evidencing payment by the agency to the carrier. If the bills of lading required by paragraph (b) of this section meet the requirements of this subparagraph, no invoice is required.

(d) *Voluntary Agency and Carrier Certificate, Form AID 1550-1.* (i) As provided in § 202.4(a), the original and two copies of the Voluntary Agency and Carrier Certificate executed by the supplier of ocean transportation, and

(ii) As provided in § 202.4(b), the original and two copies of the Voluntary Agency and Carrier Certificate executed by the Agency.

§ 202.8 *Refund by supplier and/or agencies.*

(a) *By suppliers.* Any supplier of freight to whom freight charges have been financed by AID will promptly refund to AID upon demand the entire

amount, or any lesser amount specified, of such freight charges determined by AID to be in excess of the prevailing rate at time of shipment, if any, or the rate paid the supplier for similar services by other customers similarly situated.

(b) *By agencies.* Any agency to which freight charges have been paid or reimbursed under this Regulation will promptly refund to AID upon demand the entire amount, or any lesser amount specified, of inland transportation and/or related shipping costs, (1) whenever AID determines that the reimbursements were improper as being in violation of the provisions of the Foreign Assistance Act of 1961, and relevant appropriation acts, or any rules, regulations, or procedures of AID promulgated under any of these acts, or (2) whenever it is determined by the agency or AID that any of the supplies for which reimbursement was made have not been accorded duty-free status by the recipient country.

§ 202.9 *Waiver authority.*

The Administrator may waive, withdraw, or amend from time to time any or all of the provisions of this part.

The revised regulation shall be effective August 1, 1979.

Robert H. Neeter,

Acting Administrator, Agency for International Development.

(FR Doc. 79-21974 Filed 7-31-79; 8:45 am)

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

The Foundation for the Peoples
of the South Pacific
158 West 57th Street
New York, NY 10019

Subject: Grant No. AID/ASIA-G-1323

Gentlemen:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to The Foundation for the Peoples of the South Pacific the sum of \$325,000 to provide support for the first year of a three year program in the Kingdom of Tonga as more fully described in the attachment to this Grant entitled "Program Description".

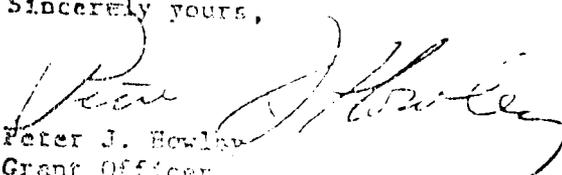
This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period May 1, 1978 through April 30, 1981.

This Grant is made to PSP on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1 entitled "Program Description," and Attachment 2 entitled "Standard Provision," which have been agreed to by your organization.

Please sign the Statement of Assurance of Compliance, enclosed herein, and the original and seven (7) copies of this letter to acknowledge your acceptance of the conditions under which these funds have been granted.

Please return the Statement of Assurance of Compliance and the original and six (6) copies of this Grant to the undersigned.

Sincerely yours,


Peter J. Howley
Grant Officer
Regional Operations Division ASIA
Office of Contract Management

Attachments:

1. Program Description, Schedule
2. Standard Provisions
3. Statement of Assurance of Compliance

ACCEPTED:

By: 

Title: Project Manager

Date: 10/15/81

FISCAL DATA

Appropriation : 72-1181021.3
Allotment : 843-64-498-00-69-81
PIO/T No. : 498-251-3-6487024
Project No. : 498-0251
Total Grant Amount: \$325,000

SCHEDULE
PROGRAM DESCRIPTION

A. Purpose

To carry out an Integrated Rural Development Program in 5 specific areas of fisheries, village women's development, agriculture training, crafts development, and small farming systems.

B. Background

FSP has twelve years experience in the Pacific Islands which includes tuna research, baitfish, mariculture and islands' fishing programs from small villages through reefer plants to marketing. Handcrafts has been an integral part of the general FSP thrust towards women's participation in development programs in many Pacific nations. FSP has cooperated closely with village community development outreach programs with emphasis on nutrition education and food production for better health. Its nutrition in Fiji and Papua New Guinea are important partners of the general nutrition programs of those two nations. FSP has been working for several years with South Pacific Commission Health Engineers in the development of integrated farming systems. One of its earliest biogas digesters was set up in Lapaha, Tonga and in 1977 a network IFS program was launched at Tuanekivale, Tonga which promises to be a model for similar systems. Along with its own experience in agricultural training and farm development (including a three-year U.S. Government-funded training and technical assistance program in Micronesia) FSP plans to bring to Tonga the international developing world experience of the Organization for Rehabilitation Through Training (ORT).

FSP brings to this project its familiarity with the international NGO

funding scene and its proven ability to bring additional assistance from many sources to its ongoing programs.

C. Implementation

1. FSP will carry out its programs as follows:
 - a. Establish a Program Office.
 - b. Consult with Tonga Central Planning Office, the Ministries of Agriculture, Education and Health, the Peace Corps and other approved agencies and extension services so that FSP is fully familiar with ongoing programs and the areas for which government is seeking additional aid. For example, the Director of Agriculture recently advised the FSP Executive Director that substantial bilateral aid and personnel are available for fisheries development in Tongatapu and Vava'u but there is need for assistance to fisheries in Ha'apai. If this situation remains static at the time FSP is launching the program under discussion, FSP, in close coordination with the Ministry of Agriculture, will initiate its fisheries intervention in Ha'apai.
 - c. Carry out its programs in close coordination with the Tonga Central Planning Office and Government Ministries and with full awareness of Peace Corps priorities: Rural Development; Rural Health Delivery; Youth Development and Small Producer Assistance.
2. FSP will attempt the five goals on the following premises:
 - a. FSP will seek additional funding to complement the final budget.
 - b. FSP will institute the stated five goals in order of priority and will seek to implement as broad a range of the stated goals as available funds make possible.
 - c. Within six months from the effective date of this Grant, FSP and

the Tongan market centres. Improve the living standards of village fishermen in the outer islands, the protein intake of Tongans and reduce the heavy imports of tinned fish.

Method: F.S.P. Project supervisor with the assistance of government Fisheries Division supervisors will determine the best location (village) in each island group for an ice-making facility to be built and operated. Four teams of advisers (two to each group) made up of volunteers (Peace Corps) and local counterparts will assist up to 50 fishermen each year to acquire ice boxes and canoes capable of long distance travel so that they may fish a wider area and keep their catch fresh for transport to the capital.

F.S.P. will attempt to carry this out by:

- a) Providing capital funds for building ice-making facilities and developing a canoe appropriate to Tongan needs.

II. Tonga Crafts Development Plan Program

Cooperating Entities:

- 1) F.S.P. (U.S. & Tonga)
- 2) People's Development Committee
- 3) Other private and governmental organizations engaged in Community development.

Location: Central site is capital city Nuku-alofa with regional sites scattered throughout the island groups that constitute Tonga.

Purpose: Although there already exist a number of interesting crafts projects, this one would

attempt to incorporate professional crafts development techniques. Quality and production would be improved and the women producers would own and eventually manage their own enterprise.

Method: Tongan women at present produce a form of bark cloth (tapa) as well as natural fiber products such as baskets, they also produce shellcraft. They require guidance in design, product quality control, raw material control, minor appropriate technologies to improve and rationalize production, management techniques, pricing and market information. These are skills that an experienced professional crafts development expert can impart with the assistance of well screened volunteers (Peace Corps or other).

F.S.P will attempt to carry out this project by:

- a) Recruiting a crafts development specialist with overseas experience to be attached to F.S.P. Tonga office.
- b) Providing specialist with means to recruit and organize volunteers working with villagers and with means (including capital) to establish a crafts business enterprise. (The enterprise to be so structured that it will pass over to producer control as soon as possible).
- c) Assisting communities to organize production and to integrate their activities with new crafts enterprise.
- d) Establishing small sub-grants in conjunction with the Development Bank of Tonga to enable communities to purchase

raw materials and equipment, or build workrooms and warehousing sheds, etc.

- d) Putting in place expertise in small enterprise development which may be extended to assistance to other small producers.

III. Village Women's Development Program

Cooperating Entities: 1) Development Committee - Specifically Tonga F.S.P. and 8 community workers from the Tonga Peoples Development Committee

2) U.S. Peace Corps and other volunteer-sending agencies.

3) Women of 50 villages

Location in Tonga: 1) Forty villages (pop. 16,000) on main islands of Tonga

2) Seven villages (pop. 3,000) on the islands of the Vava'u group

3) One village (pop. 700) on Eua island

4) Two villages (pop. 900) on island of Niua Toputapu

Purpose: To support and strengthen the efforts of a group of village workers to upgrade village health; improve home kitchens, privies and gardens; provide family planning aid and information; teach craft production and other money-making skills; and to provide small sub-grants.

Method: Community workers living in villages conduct home visits, and organize meetings and seminars where community organization techniques are used to help local women determine needs and choose means to solve problems.

F.S.P will attempt to assist this project by:

- a) Helping to build four centers which may be used as community meeting and training sites.
- b) Providing means for at least two Peace Corps (or other) volunteers to help with the administrative aspect of the program.
- c) Increasing the size of the sub-grants.
- d) Provide transportation for the two main centers at Tongatapu Vava'u.
- e) Providing collaborative planning and evaluation of the ongoing project.

IV. Small Farming Systems Program

- Cooperating Entities:
- 1) Tongan Government Department of Agriculture
 - 2) South Pacific Commission
 - 3) U.S. Peace Corps
 - 4) Local Village Communities

Location in Tonga: Six selected sites on the island groups of Tongatapu, Ha'apai, and Vava'u. The average population per village will be 500 - a total of 3,000 people.

Purpose: To set up some small Farming Systems at six sites in Tonga. They will serve as examples for other villages in Tonga and elsewhere in the Pacific, in an attempt to establish the most desirable development system for Tonga.

Background: For three years the Foundation for the Peoples

of the South Pacific has been working with the South Pacific Commission and indigenous organizations in the Pacific to set up Village Small Farming Systems in Tautu on the island of Malekula (New Hebrides), and at Tuanequivale on the island of Vava'u (Tonga). The S.F.S. is not seen simply as an answer to a particular problem, but as providing a whole pattern for development throughout the Pacific. It recognizes that, for better or worse, the subsistence economy is rapidly passing away, but believes that there may be acceptable alternatives in the Pacific to the western industrial pattern of society.

Method: Six sites will be chosen in strategically placed areas, so that they will be suitable for pilot projects. Village piggeries and poultry runs will be built, and connected to biogas digesters. This will improve village hygiene, by keeping animals out of the villages and the houses. It will also enable the very poor local stock to be improved by selective breeding and improved feeding. Aquaculture will be promoted. Fish have always supplied a large part of the protein intake of Pacific Islanders, but in many areas increased population and pollution have reduced the availability of fish; many of the lagoons are fished out. In the S.F.S. shallow basins made of timber or bamboo, or lined with clay, plastic or rubber sheets, are used for the prolific growth of algae as high

protein food for livestock, using the partly mineralized effluent from the waste digester while completing its treatment through photosynthesis. Deep ponds receiving the stabilized effluent from the algae basin are used for the culture of fish, shellfish and aquatic plants as feed and even as food if culturally acceptable.

Agriculture will be upgraded by the use of mineralized effluent from the aquaculture ponds. This will eliminate the harmful effects of the present shifting agriculture (slash and burn) which is still widely practiced in the Pacific. Traditional crops will be grown under better conditions and will be upgraded. New cereals, legumes and high quality vegetables will be introduced gradually and as needed.

F.S.P. will attempt to assist this project by:

- a) Coordinating the efforts of the Tongan Department of Agriculture, the South Pacific Commission, the local village communities and other local organizations.
- b) Supplying engineering, fisheries and agriculture consultants as needed.
- c) Providing administrative supervision for all projects.
- d) Utilizing its small grants fund to encourage the villages and the individual farmers and to assist them to participate in these projects etc. by providing matching funds for monies raised in the village itself.
- e) Providing necessary training for village farmers to make use of the small farming systems.

V. Agricultural Training & Farm Development Program

- Cooperating Entities:
- 1) F.S.P., (U.S. and Tonga)
 - 2) Tongan Government Dept. of Agriculture Extension Service
 - 3) Peace Corps
 - 4) Fualu Rural Training Center

Location: Proposed principal site is Fualu, a 70-acre tract ten miles from Nuku-alofa, the capital of Tonga. Also, seven smaller tracts of 5-7 acres close to local villages.

Purpose: Involves taking certain steps to solve the following problem:

While Tonga has quite fertile land, and while each Tongan male is entitled to 8 acres of land, food imports are a major aspect of Tonga's balance-of-payments deficit.

The idea behind this project, which was developed by Tongans in the private sector, is to set up an agricultural training institution where young men would spend half their time learning and working at a central site and spend the rest of the time on their own agricultural land. In brief, the young farmers will be acquiring skills in areas such as (a) building construction (b) food-crops (c) animal husbandry (d) farm machinery (e) fendi (f) drainage (g) accounting plus

various community and social awareness concerns required by a good villager, while implementing much of this on his own holding.

Method: F.S.P. project supervisor expects to recruit with Peace Corps assistance, volunteers who will work with Fualu personnel in the physical development and set-up of the Fualu farm and buildings for student housing, etc. F.S.P. representatives (volunteers) will also assist in the training of young farmers and in the supervision of them as they establish their own farms. A small sub-grant will also be made available to the young farmers so that they may purchase necessary equipment, seeds, fertilizers, etc.

F.S.P. will attempt to carry this out by:

- a) Providing funding on a reduced level annually for the support of farm Tongan teacher trainers, and the subsistence of twenty students.
- b) Providing a portion of the funds required to set up the Fualu farm (buildings, electricity, fencing, some farm equipment).
- c) Placing one or more volunteers in full time presence at Fualu to serve as F.S.P. representatives on this collaborative project.
- d) Administering a small sub-grant through training center authorities, for students' immediate financial needs.
- e) Where possible, placing students in the center from villages benefitting from the 50 village community worker

program. This will add another degree of unity
and focus to F.S.P.'s multi-faceted program in Tonga.

D. SUMMARY OF PROJECTED FUNDING

	Obligated	Projected		FSF Local
	Year 1	Year 2	Year 3	Years 1, 2, 3
A. PERSONNEL				
Program Director	\$20,000	\$20,000	\$20,000	---
Asst. Prog. Dir	7,500	7,500	7,500	---
2 Office staff	5,000	5,000	5,000	---
Benefits at 5%	1,650	1,650	1,650	---
<u>Programs:</u>				
a. Fisheries	2,000	2,000	2,000	7,000
b. Handcrafts	7,000	7,000	7,000	43,950
c. Village Women's Development	3,800	3,800	3,800	56,626
d. Small Farms	1,000	1,000	1,000	22,000
e. Agriculture	2,000	2,000	2,000	10,000
SUBTOTAL PERSONNEL:	49,950	49,950	49,950	139,576
B. TRAINING				
a. Fisheries	3,500	3,500	3,500	7,000
b. Handcrafts	2,000	2,000	2,000	28,000
c. Village Women's Development	6,632	6,632	6,632	15,497
d. Small Farms	1,000	1,000	1,000	2,000
e. Agriculture	2,000	2,000	2,000	6,000
f. Subgrant Training	75,000	---	---	---
SUBTOTAL TRAINING:	90,132	15,132	15,132	58,497
C. PROGRAM IMPLEMENTATION:				
a. Fisheries	11,200	21,200	21,200	227,250
b. Handcrafts	9,500	9,500	9,500	35,000
c. Village Women's Development Program	25,000	25,000	25,000	56,000
d. Small Farms	17,000	19,000	19,000	28,500
e. Agriculture	17,150	17,230	17,230	102,000
SUBTOTAL PROGRAM IMPLEMENTATION:	79,850	91,930	91,930	448,750
D. COMMODITIES AND EQUIPMENT				
	21,000	21,000	21,000	90,000
E. OTHER COSTS				
Misc. Direct Cost	10,000	10,000	10,000	3,500
Accounting & Audit	7,000	7,000	7,000	---
Travel & Per Diem	18,750	18,750	18,750	6,000
Overhead at 19.20%	48,318	36,238	36,238	126,014
SUBTOTAL OTHER COSTS:	84,068	71,988	71,988	135,514
TOTAL	325,000	250,000	250,000	872,337

E. Reports

The Foundation for the Peoples of the South Pacific will prepare and submit detailed annual reports from the date of signature and due within 30 days following the 6, 18, and 30th months of the project, describing the progress and problems of project activities as outlined in the foregoing Program Area descriptions. Annual evaluations will be conducted by the PSP and due 30 days following the 12th and 24th months of the project in order to determine if the project is on target and make necessary recommendations for readjustment of the project if any. A final report will be due within 30 days following the 36th month of the project which will be in sufficient detail so that A.I.D. can judge the effectiveness and efficiency with which the project was implemented. Two copies of each report will be sent to R.D.O. in USAID/Fiji and ASIA/IK and CM/ROD/ASIA in AII

F. Special Provisions

The following provisions set forth in Attachment 2, Standard Provisions of this Grant, are hereby deleted:

Standard Provision No. 7B	Payment - Periodic Advance
Standard Provision No. 7C	Payment - Reimbursement
Standard Provision No. 12A	Title To and Use of Property (Grantee Title)
Standard Provision No. 12B	Title To and Care of Property (U.S. Government Title)

G. Estimated Costs and Funding

For the estimated three-year period of this Contract, it is expected that A.I.D.'s contribution will be approximately \$825,000.

Initially, The Government is obligating \$325,000, the expected costs for the first year of operation. All future obligation of funds and the amount now obligated are governed by the terms and conditions of Clause b, Limitation of Funds, of the Standard Provisions.

E. Establishment of Overhead Rate

Pursuant to the provisions of the Clause of the General Provisions of this Grant entitled "Negotiated Overhead Rates - Other than Educational Institutions," a rate or rates shall be established for the period beginning 5/1/78 and ending 4/30/81. Pending establishment of final overhead rates for the initial period, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rates applied to the base(s) which are set forth below:

<u>Rate</u>	<u>Base</u>	<u>Period</u>
19.2	Total direct costs less equipment, alterations, and renovations.	From 5/1/78 to 4/30/79