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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

NICARAGUA

PROJECT PAPER

PVO CO-FINANCING
AMENDMENT NUMBER 1

AID/LAC/P-865
CR - 640

PROJECT NUMBER: 524-0313

UNCLASSIFIED

Agency for International Development PROJECT DATA SHEET				1. Transaction Code [C] A = Add C = Change Amend #1 D = Delete		Document Code 3			
2. Country/Entity <p style="text-align: center;">Nicaragua</p>				3. Project Number <p style="text-align: center;">524-0313</p>					
4. Bureau/Office <p style="text-align: center;">LAC/CEN</p>			[05]	5. Project Title <p style="text-align: center;">PVO Co-Financing</p>					
6. Project Assistance Completion Date (PACD) MM DD YY 06 30 98				7. Estimated Date of Obligation (Under "B" below, enter 1,2,3, or 4) A. Initial FY 91 B. Quarter [4] C. Final FY 96					
8. Costs \$000 or Equivalent \$ 1 =									
A. Funding Source		First FY 91			Life of Project				
		B. FX	C. L/C	D. Total	E. FX	F. L/C	G. TOTAL		
AID Appropriated Total		4,000	0	4,000	21,000	0	21,000		
(Grant)		(4,000)	0	(4,000)	(21,000)	0	(21,000)		
(Loan)		0	0	0	0	0			
Other	1.								
U.S.	2.								
Host Country		0	0	0	0	0			
Other Donor(s) * *In-Kind		0	500	500	0	5,400	5,400		
TOTALS		4,000	500	4,500	21,000	5,400	26,400		
9. Schedule of AID Funding (\$000)									
A. Appropriation	B. Primary Purpose	C. Primary Tech. Code		D. Obligations to Date		E. Amount Approved This Action		F. Life of Project	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1)				9,800		6,000		21,000	
(2) CS	510								
(3)									
(4)									
TOTALS				9,800		6,000		21,000	
10. Secondary Technical Codes (maximum 6 codes of 3 positions each)								11. Secondary Purpose Code	
12. Special Concerns Codes (maximum 7 codes of 4 positions each)									
A. Code									
B. Amount									
13. Project Purpose To increase the adoption of preventative health and family planning practices among the target population, to expand employment opportunities for lower income families, and to promote, sustainable natural resource management.									
14. Schedule Evaluations					15. Source/Origin of Goods and Services				
Interim	MM	YY	Final	MM	YY	[X] 000	[] 941	[] Local	Other (specify) <u>Nicaragua & CACM</u>
	08	94		07	97				
16. Amendments/Nature of Change Proposed (This is page 1 of a ___ page PP Amendment) This Amendment will provide additional funds in the amount of \$6.0 million for additional grants to U.S. PVO's.									
Approved by	Signature: 					DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION			
	Title: Director USAID/Nicaragua		Date Signed: 7/14/94						

PROJECT AUTHORIZATION AMENDMENT NUMBER TWO

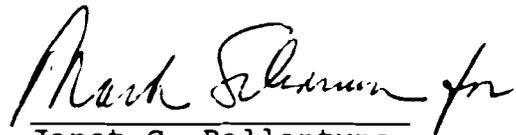
Name of Country: Nicaragua
Name of Project: PVO Co-Financing
Number of Project: 524-0313

1. The PVO Co-Financing Project Authorization, dated July, 1, 1991, as amended, is further amended as follows:

A. The amended Project Authorization is deleted in its entirety, with the exception of Paragraph 2. Paragraphs 1 and 3 are added as follows:

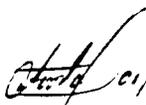
"1. Pursuant to Section 104 of the Foreign Assistance Act of 1961, as amended, I hereby amend the authorization of the PVO Co-Financing Project for Nicaragua involving an additional planned obligation of Six Million United States Dollars (\$6,000,000) in grant funds, with total funds to be obligated not to exceed Twenty One Million United States Dollars (\$21,000,000) in grant funds over the period from the date of obligation through a Project Assistance Completion Date (PACD) of June 30, 1998, subject to the availability of funds in accordance with the AID/OYB allotment process, to help in financing foreign exchange and local currency costs for the project."

"3. The Project Amendment consists of an additional \$6.0 million to fund additional grants to registered U.S. Private Voluntary Organizations (PVOs) to carry out development activities in the fields of child survival and maternal health; employment generation and microenterprise development; and environmental protection. The goal of the project is to promote broad-based, sustainable economic growth and to improve the health of Nicaragua's women and children. The purpose is to increase the adoption of preventive health and family planning practices among the target population, to expand employment opportunities for lower-income families and to promote sustainable natural resource management."


Janet C. Ballantyne
Mission Director
USAID/Nicaragua

PROJECT AUTHORIZATION AMENDMENT NUMBER TWO - Page 2

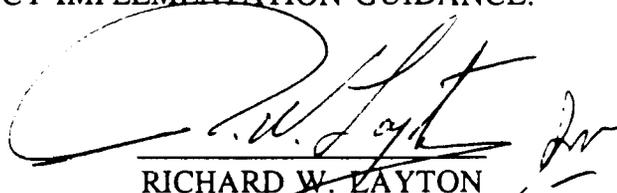
Name of Country: Nicaragua
Name of Project: PVO Co-Financing
Number of Project: 524-0313

Drafted: PDIS: RWaters		Date: 01/04/94
Cleared: PDIS: Lodie	<u>DRAFT</u>	Date: 01/04/94
GDO: KArmstrong	<u>DRAFT</u>	Date: 01/10/94
CO: MKenyon	<u>DRAFT</u>	Date: 01/07/94
PEPS: SMerrill	<u>DRAFT</u>	Date: 01/11/94
RLA: MVelazquez	<u>DRAFT</u>	Date: 01/13/94
OFIN: RLayton	<u>DRAFT</u>	Date: 01/10/94 01/14/94 
DDIR: MSilverman	<u>DRAFT</u>	Date: 1/14/94 1/14/94

PVO CO-FINANCING (AMENDMENT NUMBER ONE)

PROJECT NUMBER 524-0313

THIS PROJECT PAPER COMPLIES WITH CURRENT AGENCY GUIDELINES ON THE METHODS OF FINANCING AND IMPLEMENTATION AND HAS PROVIDED FOR ADEQUATE AUDIT COVERAGE IN ACCORDANCE WITH THE PAYMENT VERIFICATION POLICY IMPLEMENTATION GUIDANCE.

A handwritten signature in black ink, appearing to read 'R. W. Layton', is written over a horizontal line. To the right of the signature, there are some additional scribbles and a small mark.

**RICHARD W. LAYTON
CONTROLLER
USAID/NICARAGUA**

**USAID/NICARAGUA PVO CO-FINANCING
524-0313**

PROJECT PAPER AMENDMENT

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NICARAGUA PVO CO-FINANCING PROJECT PAPER AMENDMENT
(524-0313)

I. BACKGROUND AND PROBLEM STATEMENT

A. Background

In order to address Nicaragua's urgent need for social services in the areas of child survival and maternal health; employment generation and microenterprise development; and protection against environmental degradation, USAID/Nicaragua authorized the PVO Co-Financing Project on July 1, 1991, with a Project Assistance Completion Date (PACD) of June 30, 1996. The project provides funding for grants to U.S. Private Voluntary Organizations (PVOs) to carry out development activities in the above-mentioned three priority areas. The project also provided for the establishment and operation of a Project Management Unit (PMU) to oversee these grants and for a Personal Services Contract with a U.S. citizen to manage all implementation aspects of the project for USAID/Nicaragua. Due to delays in developing and approving PVO proposals, as well as the need to allow five complete years for the implementation of these proposals, on June 1, 1992, USAID/Nicaragua extended the project PACD to June 30, 1998.

B. Problem Statement

As of December 31, 1993, USAID/Nicaragua had approved six PVO subprojects valued at \$6,762,910. Eight other proposals, valued at \$8,229,871, were pending Mission review and/or Mission final approval. The original budget line item for grants to PVOs totaled \$8,560,000. Through a reduction in other line items of the \$15.0 million project, the budget line item was increased to \$10,201,404 by Project Implementation Letter No. 4, signed on November 17, 1993 (See Annex B, Budget Summary Table I). However, this increased amount is still inadequate to fund all of the current feasible PVO proposals which have been received to date. Recognizing the Agency's mandate to continue and expand mutually beneficial cooperative ventures between USAID Missions and U.S. PVOs, USAID/Nicaragua proposes to provide additional funds to the PVO Co-Financing Project in order to support activities through the PACD. In addition, since the project has nearly five years to reach the planned life-of-project completion date, the present funding levels are insufficient to provide continued support to an increased number of U.S. PVOs.

C. Project Amendment Rationale

The Amended PVO Co-Financing Project proposes to increase the number of grants to U.S. PVOs and subsequently, increase the number of beneficiaries and expand overall project impact. This can be achieved by increasing the overall LOP funding from an original \$15.0 million to an amended total of \$21.0 million, with the \$6.0 million increase allocated exclusively to finance additional subgrants to U.S. PVOs.

A number of the PVO proposals currently pending review have a strong potential to achieve objectives in the areas of child survival and maternal health; employment generation and microenterprise development; and environmental protection. Consequently, in order to broaden project benefits and use the project mechanism to deliver resources through the PVO/NGO community, an amendment to the project is required to allow for the financing of additional PVO subgrants. In addition, this amended project will be complemented through Title III local currency grants to local NGOs, thus, providing the strong potential of institutional strengthening of local non-governmental organizations and creating sustainable activities once the Project terminates. The development milieu in Nicaragua bodes well for the success of this PVO/NGO sector in achieving critical development objectives. Moreover, recent Agency policy emphasizes the importance of PVOs and non-governmental organizations as important partners in the development process.

II. PROJECT AMENDMENT DESCRIPTION

A. Relationship to Mission Strategic Objectives

Given the three distinct areas of PVO subproject funding, the project will contribute to three key Mission strategic objectives. First, the project will improve maternal and child care through an expansion of child survival services. Second, the project will lead to increased income and participation in the economy through an increase in the number of microenterprises and/or new employment opportunities. Third, the project will promote improved productive/extractive practices by the initiation of reforestation activities and/or development of local resource management plans.

B. Project Goal, Purpose, and Outputs

As described in the original Project Paper, the goal of the amended project is to promote broad-based, sustainable economic growth and improve the health of Nicaragua's women and children. The amended project purpose which is essentially the same as the original project purpose is to increase the adoption of preventative health and family planning practices among the target population, to expand employment opportunities for lower-income families, and to promote sustainable natural resource management among farmers. Each project component will establish targets for each indicator at the purpose and output level. Once the project is fully funded, targets will be aggregated for the project as a whole.

The achievement of the project purpose will be measured in the following key exemplary terms:

1. Preventative Health and Family Planning:

- Increased immunization coverage rates for children under one year of age and women of childbearing age in target areas.

- An increased use of modern contraceptives among women of reproductive age in target areas (contraceptive prevalence rate).

2. Employment Generation and Microenterprise Development:

- A substantial increase in the number of new microenterprises.
- An increased number of jobs created and sustained.

3. Natural Resource Management:

- An increase in the amount of land cultivated using sustainable agricultural practices.
- Substantial growth in the amount of land area (manzanas) reforested or cultivated with non-traditional crops.

A complete listing of all end of project status criteria and outputs to be measured under this Amended Project are fully elaborated in the Amended Project Paper Logical Framework which is provided in Annex A.

III. PROJECT ACTIVITIES

A. Existing Project Grants

Table II of Annex B, lists the approved sub-project proposals under the PVO CO-Financing Project. The six project-funded grants which are currently under implementation are the following:

- **World Relief Corporation (WRC) Agroforestry Subgrant:** WRC's agroforestry project in Nueva Guinea and Rio San Juan is working to establish producer unions among farmers in the region and to train farmers in soil conservation and improved agricultural techniques. The project also organizes women's nutrition and home gardening associations which then benefit from workshops and training sessions. As of September 30, 1993 over 1,100 individual farmers had been incorporated into the project and had received training and technical assistance in soil conservation and improved agricultural techniques.
- **World Relief Corporation (WRC) Child Survival/Maternal Subgrant:** WRC's subproject in communities surrounding the city of Tipitapa provides training in child survival intervention to promoters and community volunteers. The community volunteers in turn work with families to transfer child survival (CS) techniques, deliver health interventions, as well as to include beneficiaries in growth monitoring clinics. A total of 4,976 beneficiaries had participated in CS workshops, growth monitoring clinics, and other interventions as of September 30, 1993.

- **Save the Children (SC) Child Survival/Maternal Health Subgrant:** Working out of a central office in the city of Leon, the project trains support staff, supervisors, and community health care promoters and transfers child survival/maternal health interventions.
- **TechnoServe Inc. (TNS) Agroforestry Subgrant:** This project organizes farmers into EBCs (community based rural enterprises), holds assemblies, and trains staff from central and regional offices as well as from the local NGO counterpart, "Centro de Accion y Apoyo al Desarrollo Rural" (CENADE), toward the objective of transferring improved natural resource management techniques. By September 30, 1993, assemblies were held in 12 of the 14 targeted rural communities and 317 farmers had been organized into EBCs.
- **Catholic Relief Services (CRS):** A grant with Catholic Relief Services (CRS) for a child survival project has recently been signed. This project will provide community education on child survival intervention strategies in the departments of Managua. In addition to standard child survival strategies, this project puts special emphasis on basic sanitation and hygiene practices. It also addresses the need for potable water in 5 target communities and will work to renovate water systems--incorporating community participation in their construction, maintenance, and administration.
- **Adventist Development and Relief Agency (ADRA):** A child survival grant with the Adventist Development and Relief Agency has been signed for a sub-project with a strong emphasis on community education for the prevention of diseases and the creation of healthier living conditions. The project, carried out in the departments of Esteli and Nueva Segovia, will train mothers on the use of oral rehydration therapy, early detection of respiratory infections, the importance of breastfeeding, appropriate weaning practices, and growth monitoring. The project also provides antibiotics, contraceptives, clothing, potable water, and latrines.

B. Potential Project Grants

The Project Management Unit has received four Child Survival proposals and three employment generation/microenterprise sub-project proposals from U.S. PVOs. These recently submitted proposals are pending final Mission review.

C. Project Administration

The relationship between USAID, the Project Management Unit (PMU), U.S. PVOs, local NGOs, and the Government of Nicaragua will remain as delineated in the original project paper. However, the PMU presently has a broader role to play than that envisioned in the original project paper. The PMU will provide technical assistance to local NGOs in the development of proposals to obtain local currency funding for small-scale development projects in the areas of child survival, microenterprise development and natural resource management. The PMU will also assist in the selection and monitoring of local NGO projects funded by P.L. 480 Title III local currency. The Mission has determined that this

expanded PMU function does not require additional project funds and falls within the original contractor's scope of work.

The Project Management Unit (PMU) began operation in March, 1992. This management branch was established by the Mission in order to provide general subproject administration with regard to supervision and the ability to efficiently evaluate numerous proposals. To date, the PMU has screened, assisted in the improvement of, and has forwarded to the Mission for review, more than 13 PVO proposals.

The PMU serves as a liaison between the Mission, PVOs and the Government of Nicaragua by providing assistance in the administration, coordination and monitoring of all project related activities. In addition, the PMU has established a technical resource center for U.S. PVOs and local NGOs. As of December 31, 1993, the PMU had held five training events and had provided extensive technical assistance to U.S. PVOs in the design and refinement of proposals and subproject implementation plans. PMU staff has also provided guidance on proposal development and USAID requirements to local NGOs applying for Title III funds.

As envisioned in the original project paper, the PMU will continue in its present capacity through the end of the technical assistance contract in 1996. In 1995, the Mission will evaluate the need for extending the technical assistance contract through the PACD in 1998, as well as consider the possible budget implications of such an extension.

D. Criteria and Procedures for Subproject Approval

The criteria and procedures for subproject approval will remain as specified in the project paper.

IV. AMENDED PROJECT BUDGET

As indicated in the Financial Summary Table I (See Annex B), additional funds can be immediately utilized to provide additional grants to PVOs in the areas of maternal and child health and microenterprise development. Based upon the current authorized LOP funding levels (\$10,201,404) for PVO subgrants and the average size of USAID grants to PVOs (\$1,127,151), the remaining project resources for PVO subgrants can only provide up to a maximum of three additional grants through the PACD in 1998. This indicates that approximately three of the eight proposals that have already been received by the Mission could be funded. The remaining five proposals, plus any further proposals to be received prior to the 1998 PACD would have to be rejected due to lack of funds.

Given the increased knowledge of the PVO Co-Financing Project by the U.S. PVO community, and the fact that the first USAID grant to a PVO under this project was funded in December 1992, it is anticipated that PVO proposal submissions will substantially increase during this calendar year. For these reasons, it is proposed to increase the level of project impact by increasing the number of grants to PVOs. With the proposed increase in grants to PVOs in the budget line item to \$16.2 million, all of the proposals currently awaiting Mission review, along with the six currently approved subgrants, could be approved and financed for approximately \$15.0 million, leaving a balance of \$1.2 million available for an additional one or two proposals in the future. An associated increase in the PVO counterpart contribution from \$4.6 million to \$5.4 million will also be provided under the amended project. Under the amended project, the U.S. PVOs will continue to provide a counterpart contribution of at least 25% of the financing for each approved subgrant.

The revised life-of-project budget is reflected in the attached Annex B, as the Amended Financial Summary Table I.

V. MONITORING, EVALUATION, AND AUDIT

The project will have two overall project evaluations. The first evaluation, to be conducted in mid-1994, will be a process evaluation which will focus on assessing project implementation, the sub-projects as well as of the Project Management Unit. This evaluation will identify any management issues which should require corrective action in order to better assure that project outputs and purpose are met. The evaluation will also assess progress to date toward the completion of EOPS of sub-projects which are far enough along in the implementation process to so determine. The second evaluation, to be conducted in 1998, will be an impact evaluation to determine whether the project has successfully achieved its end-of-project objectives, and whether the Mission should design a follow-on PVO project. Each PVO sub-grantee will also be responsible for evaluating its individual sub-project and for reporting to USAID regarding the achievement of project objectives.

Requirements for obtaining baseline data, monitoring, and audit remain as specified in the original project paper.

V. PROJECT ANALYSES

Each particular proposal funded under the project has to date and will continue to contain necessary project analyses to justify financing. The overall project analyses contained in the project paper have been reviewed and their conclusions are still valid. Specific conclusions are repeated below:

A. Technical/Institutional Analysis: The overall group of interested PVOs have adequate interest in the project component areas and the technical expertise to carry out project objectives. Institutionally, they are capable of implementing project activities.

B. Economic Considerations: The "economic considerations" section concludes that the project will result in a variety of quantifiable and non-quantifiable benefits, depending upon the actual mix of subprojects proposed and funded, and on both counts produce a positive economic effect.

C. Social Soundness Analysis: The social soundness analysis concluded that the development assistance activities to be financed under the project are social and culturally feasible.

D. Environmental Analysis: The A.I.D. environmental officer determined that the conditions described in the original environmental determination still hold. A statement is contained in Annex C.

ANNEX A

LOGICAL FRAMEWORK

Logical Framework

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions
<p><u>GOAL:</u></p> <p>To promote broad-based, sustainable economic growth and improve the health status of children and mothers in project regions.</p>	<ol style="list-style-type: none"> 1. Increased individual income of participants in expanded job market. 2. Reductions in childhood diseases and mortality in project regions. 3. Reduction in environmental degradation in project regions. 	<p>Baseline and survey data of participating U.S. PVOs, gathered by each sub-project.</p>	
<p><u>Purpose of Project:</u></p> <p>To increase the adoption of preventative health and family planning practices among the target population, to expand employment opportunities for lower-income families and to promote sustainable natural resource management.</p>	<p><u>EOPS:</u></p> <p>For Preventative Health/Family Planning:</p> <ol style="list-style-type: none"> 1) increased immunization coverage rates for children under one year of age and women of childbearing age in target areas; 2) improved breastfeeding practices in target areas (percentage of mothers who practice exclusive breastfeeding for four months); 3) improved recognition and treatment of acute respiratory infections in children under five in target areas (percentage of mothers recognizing symptoms of pneumonia and seeking treatment); 4) increased use of modern contraceptives among women of reproductive age in target areas (contraceptive prevalence rate); 5) improved treatment of acute diarrheal episodes in children under five in target areas (percent of mothers recognizing signs of dehydration and percent administering ORT); 	<p>Baseline and survey data of participating U.S. PVOs, gathered by each sub-project.</p> <p>Sub-project Quarterly Reports</p> <p>Sub-project evaluations</p> <p>Field trip reports</p> <p>Mid-term project evaluation</p> <p>SARS</p> <p>Final project evaluation</p> <p>PMU Management Information System (MIS)</p>	<p>Political and social unrest does not preclude local progress in health, environment, and economic sectors.</p>

Logical Framework

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions
	<p>6) increased use of prenatal care (percent of mothers receiving at least the prenatal check-up).</p> <p>For Employment Generation and Microenterprise Development</p> <p>1) increased number of new microenterprises</p> <p>2) increased number of jobs sustained</p> <p>3) increase in jobs created</p> <p>For Natural Resource Management:</p> <p>1) increased number of manzanas cultivated using sustainable agricultural practices;</p> <p>2) increased number of manzanas reforested or cultivated with non-traditional crops.</p>		
<p><u>Outputs:</u></p> <p>For Preventative Health/Family Planning:</p> <p>1.1 a functioning program of information-education and communication (IEC) regarding immunizations</p> <p>1.2 increased use of routine MINSA immunization system versus campaigns</p> <p>1.3 a functioning system of information/surveillance at the SILAIS/PVO headquarters</p>	<p>Targets for each of these outputs is developed sub-project by sub-project. After all sub-projects are in implementation, this column will be completed.</p>	<p>Baseline and Survey data compiled by U.S. PVOs in sub-projects.</p>	

Logical Framework

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions
<p>2.1 a functioning program of breastfeeding promotion in the target areas</p> <p>3.1 a functioning program of IEC regarding acute respiratory infections (ARI) in the target areas</p> <p>3.2 a system of referral of serious ARI cases to MINSA service units established</p> <p>4.1 a functioning program of IEC regarding family planning in the target areas</p> <p>4.2 a system of referral to MINSA or private family planning services established</p> <p>5.1 a functioning program of IEC regarding control of diarrheal diseases in the target areas</p> <p>5.2 a referral system for serious cases of diarrheal disease established</p> <p>5.3 community distribution points for oral rehydration salts established and stocked</p> <p>6.1 a functioning program of IEC for promotion of prenatal care</p> <p>6.2 system of referral for prenatal care established</p> <p>For the Employment Generation/Microenterprise component are:</p> <p>1.1 credit system established and making loans to individuals and groups of microentrepreneurs</p> <p>1.2 information regarding financial and business management practices disseminated to microentrepreneurs</p>			<p>1. Local interest and participation in PVO efforts in target sectors can be sustained over life of project.</p> <p>2. Sufficient number of U.S. PVOs have technical capacity to work effectively in health, environment, and economic sectors in Nicaragua.</p>

Logical Framework

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions
<p>1.3 linkages established with formal banking sector for higher level beneficiaries</p> <p>1.4 programs achieve financial sustainability through program income</p> <p>For Environmental and Natural Resource Management:</p> <p>2.1 nurseries for production of seedlings established</p> <p>2.2 seedlings distributed to farmers</p> <p>2.3 seeds for non-traditional crops produced and distributed</p> <p>2.4 land in target area titled</p> <p>3.1 agricultural extension program established and reaching farmers.</p>			
<p style="text-align: center;"><u>Inputs:</u></p> <p>1. Project Coordination</p> <p>2. Project Management Unit</p> <p>3. Grants to PVOs</p> <p>4. Evaluations</p> <p>5. Audits</p> <p>6. Contingency</p>	<p style="text-align: right;">\$950,000</p> <p style="text-align: right;">\$3,510,596</p> <p style="text-align: right;">\$16,201,404</p> <p style="text-align: right;">\$100,000</p> <p style="text-align: right;">\$150,000</p> <p style="text-align: right;">\$ 88,000</p> <p style="text-align: right;">-----</p> <p>Total \$21,000,000</p>	<p>USAID Project Documents</p>	<p>1. Funds available</p> <p>2. Managerial & technical skills available locally in quantities sufficient to support USAID and PMU efforts.</p> <p>3. U.S. PVOs will submit sufficient number of technically sound proposals in target sectors.</p> <p>4. U.S. PVOs willing and able to meet 25% contribution.</p> <p>5. Local communities and PVOs in design and implementation of activities in target sectors.</p>

ANNEX B

SUPPLEMENTARY TABLES

**PVO Co-Financing
#524-0313
Project Amendment Budget
Annex B, Table I**

<u>Element Number</u>	<u>Project Element</u>	<u>Current LOP Budget</u>	<u>This Project Amendment</u>	<u>Planned Total LOP Budget</u>
1	Project Coordination	\$950,000	0	\$950,000
2	Project Management Unit	\$3,510,596	0	\$3,510,596
3	Grants to PVOs	\$10,201,404	\$6,000,000	\$16,201,404
4	Evaluations	\$100,000	0	\$100,000
5	Audits	\$150,000	0	\$150,000
6	Contingency	\$88,000	0	\$88,000
	Total	\$15,000,000.00	\$6,000,000	\$21,000,000

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**PVO Co-Financing Project
(524-0313)
Amended Financial Summary
Annex B, Table II**

AID Approved PVO Projects	PVO Grant Amount	PVO Proposals Under Review	AID Funds Requested
World Relief (WRC)	\$383,122	Project Concern Int'l - CS	\$615,000
Save The Children	\$978,936	Project Hope - CS	\$877,371
Catholic Relief Services (CRS)	\$820,530	World Vision - CS	\$675,000
Adventist Development (ADRA)	\$926,691	Minn. Int'l Health - CS	\$700,000
World Relief (WRC)	\$1,900,214	Catholic Relief Services - ME	\$937,500
Techno Serve	\$1,753,417	FINCA - ME	\$1,500,000
		Opportunity Int'l - ME	\$1,495,000
		Accion Int'l - ME	\$1,500,000
Total	\$6,762,910		\$8,229,871

CS - Child Survival
ME - Microenterprise

ANNEX C

ENVIRONMENTAL DETERMINATION

ANNEX C: INITIAL ENVIRONMENTAL EXAMINATION

Project Location:	Nicaragua
Project Title:	PVO Co-Financing
Project Number:	524-0313
Funding:	\$21,000,000
Life of Project:	Seven Years (FY 1991-1998)
IEE Prepared BY:	Lawrence Odle USAID/Nicaragua

RECOMMENDED THRESHOLD DECISIONA. Project Amendment Description

A \$6.0 million amendment is being proposed to the on-going \$15.0 million Project. All of the \$6.0 million funds for the amendment will expand financing for activities for one component only, subgrants to US PVOs. The amended Project will continue to use an approved and established mechanism through which USAID/Nicaragua will award subgrants to qualified PVOs for development activities. PVO grants to be funded will generally be small scale development activities in three priority areas: microenterprise/employment generation, child survival/maternal health and natural resource management. The Project's goal will be to promote broad-based, sustainable economic growth and improve the health of Nicaragua's women and children in the project regions. Its purpose will be to expand the availability of child survival/maternal health services and employment opportunities for lower income families, and to promote sustainable natural resource management. AID resources will be used to finance subgrants to PVOs, technical assistance and training, project administration, and evaluations and audits.

B Recommendation

Grants for PVO activities in the areas of support to grassroots level, democratic institutions, microenterprise, primary health care and family planning, qualify for a Categorical Exclusion under 22 CFR 216.2 (c) (2) (i), "Education, technical assistance, or training activities directly affecting the environment (such as construction of facilities, etc.)" and 22 CFR 216.2 (c) (2) (viii), "Programs involving nutrition, health care or population and family planning services except to the extent designed to include activities directly affecting the environment (such

as construction of facilities, waste water treatment, etc.)." Based on the fact that grants to PVOs in these areas will not directly affect the environment, it is recommended that no further study be undertaken for these activities and that a "Categorical Exclusion" be approved, as in the original project.

For subgrants to PVOs in the areas of employment generation and environmental protection, a deferred negative determination was approved under the original Project. Procedures have been developed for, and included in, the PVO Co-Financing Project which ensure that PVO grants in these two areas do not have a significant harmful effect on the environment. The procedures stipulate that: all PVO grant proposals receive an environmental review in order to evaluate the particular site-specific circumstances of each grant; mitigation measures addressing the environmental concerns arising from the review of each proposed subgrant be developed and implemented; and a process be developed for establishing accountability and for evaluating the success in implementing proper environmental procedures under all PVO grants in the areas of employment generation and environmental protection. To date, each sub-project in these areas has undergone an in depth environmental assessment which, cumulatively, cover all regions of Nicaragua. The Mission proposes continuing this environmental assessment process for PVO subgrants financed with funds from the \$6.0 million amendment. Therefore, the Mission recommends a continuation of the deferred negative determination be approved for those subgrants that fall into this category.

Concurrence: Janet C. Ballantyne for
Janet C. Ballantyne
Director
USAID/Nicaragua

Date: 1/13/94

Drafted: PDIS: Lodle Date: 10/12/94
Cleared:
GDO: KAmrstrong DRAFT Date: 01/10/94



LAC-IEE-94-07

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

ENVIRONMENTAL THRESHOLD DECISION

Project Location : Nicaragua

Project Title : PVO Co-Financing

Project Number : 524-0313

LOP Funding : \$6.0 million (amendment), \$21.0 million (LOP)

Life of Project : Seven years

IEE Prepared by : Lawrence Odle
USAID/Nicaragua

Recommended Threshold Decision : Categorical Exclusion for technical assistance funding and PVO subgrants for health and family planning; a deferred Negative Determination for PVO grants in the areas of employment and environmental protection.

Bureau Threshold Decision : Concur with Recommendation for Categorical Exclusion; a Conditional Negative Determination is issued for other project activities.

Comments: : Categorical Exclusion is issued, as stated in the attached IEE, for grants to PVOs for activities to support grassroots level democratic institutions, microenterprise, primary health care and family planning as described in 22 CFR 216.2 (c) (2) (i) and 22 CFR 216.2 (c) (2) (viii). This C.E. is given subject to the condition that the above grants will not provide financing for activities that directly affect the environment, such as construction of facilities, waste water treatment, etc. Should the Grantee not be able to comply with the conditions for the C.E., it will be necessary to conduct further environmental review as per 22 CFR 216 to determine if an Environmental Assessment or mitigation are required.

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Conditional Negative Determination is issued for other project activities in the areas of employment generation and environmental protection. To ensure that grants in these two areas did not have significant negative environmental effects, the initial N.D. was issued with the condition that all PVO grant proposals be subject to site specific environmental reviews, that mitigation measures be developed and implemented where reviews determined harmful effects, and that a process for establishing accountability and for evaluating the effectiveness of the review and mitigation process be developed and instituted during the first year of project implementation. This Conditional Negative Determination is issued contingent upon the approval by the LAC Chief Environmental Officer of IEEs for PVO subgrants that may have an impact on the environment. Mission Environmental officer shall review proposals in this category and recommend additional environmental review and mitigations. IEEs should incorporate a system of monitoring and evaluation.

- Copy to : Janet C. Ballantyne,
Director
USAID/Nicaragua
- Copy to : Lawrence Odle
USAID/Nicaragua
- Copy to : Ralph Conley
USAID/Nicaragua
- Copy to : Susan Alexander, LAC/DR/CEN
- Copy to : Wayne Williams, REA/CEN
- Copy to : IEE File

Wayne R. Nilsestuen Date 1/14/94

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Wayne R. Nilsestuen
Acting Chief Environment
Officer
Bureau for Latin America
and the Caribbean

ANNEX D

NPD APPROVAL CABLE

ACTION: ECON-2
INFO: TOTAL-7 POL-1 DCM-1 AMB-1 DAO-1 AID-1

DISTRIBUTION: ECON
CHARGE: PROG

VZCZCMU0947
PP RUEHMU
DE RUEHC #2436 3441849
ZNR UUUUU ZZH
P 101848Z DEC 93
FM SECSTATE WASHDC
TO AMEMBASSY MANAGUA PRIORITY 3242
BT
UNCLAS STATE 372436

E.O. 12356: N/A

TAGS:

SUBJECT: REVIEW OF OUT-OF-CYCLE NPDS FOR PVO CO-FINANCING (524-0313) AND FAMILY PLANNING EXPANSION AND REGIONALIZATION (524-0312) PROJECTS

1. BUREAU REVIEWED SUBJECT OUT-OF CYCLE NPDS ON NOVEMBER 22. NPDS WERE APPROVED FOR AMENDMENTS TO (A) PVO CO-FINANCING (524-0313) TO INCREASE LOP FUNDING FROM DOL 15 MILLION TO DOL 21 MILLION AND TO REVISE PACD FROM 6/30/96 TO 8/31/99, AND TO (B) FAMILY PLANNING EXPANSION AND REGIONALIZATION (524-0312) TO INCREASE LOP FUNDING FROM DOL 5 MILLION TO DOL 10 MILLION AND TO REVISE PACD FROM 3/31/96 TO 8/31/99. ADDITIONAL COMMENTS, SPECIFIC TO EACH AMENDMENT, ARE NOTED BELOW.

2. FAMILY PLANNING EXPANSION AND REGIONALIZATION PROJECT: THE REVIEW FLAGGED THE FOLLOWING ISSUES WHICH SHOULD BE ADDRESSED DURING PROJECT AMENDMENT DESIGN.

(A) SUSTAINABILITY - WOULD THIS AMENDED PROJECT BE CONSONANT WITH THE LAC BUREAU CONCEPTS REGARDING SUSTAINABILITY OF HPN SERVICES? IS THIS NGO BEING

SUPPORTED TO BECOME SELF-SUSTAINING IN PROVIDING SERVICES TO CLIENTS WHO CAN PAY FOR SERVICES AT COST, OR IS THE NGO BEING SUPPORTED TO PROVIDE SERVICES TO INDIGENT CLIENTS WHO MIGHT APPROPRIATELY BE SERVED WITH PUBLIC SECTOR SUBSIDIES, EITHER AT THE MINSAs OR THE NGO FACILITIES? IT IS THEREFORE RECOMMENDED THAT COST EFFICIENCY, COST RECOVERY AND TARGETING OF DIRECT BENEFICIARIES BE CLEARLY ADDRESSED DURING PROJECT DESIGN.

(B) INDICATORS - THE DISCUSSION IN THE PROJECT PURPOSE SECTION MENTIONS AN UNUSUAL INDICATOR: THE PERCENTAGE OF

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WOMEN AT RISK FROM AN UNPLANNED PREGNANCY. THE REVIEW COMMITTEE RECOMMENDS THAT THE MISSION USE MORE STANDARD INDICATORS, SUCH AS CONTRACEPTIVE PREVALENCE, TO EXPRESS THE EFFECTS OF THE PROJECT ON THE POPULATION AS A WHOLE. (THE EFFECT INTENDED BY THE UNUSUAL INDICATOR, OR THIS RECOMMENDED SUBSTITUTE, MIGHT BE GOAL LEVEL--ALTHOUGH THIS WAS NOT CLEAR FROM THE NPD PER SE.)

(C) PERHAPS DUE TO THE BREVITY OF THE NPD FORMAT, IT IS NOT CLEAR WHY MINISTRY OF HEALTH (MOH) EMPLOYEES WILL RECEIVE TRAINING UNDER A PROJECT WHICH IMPROVES AND EXPANDS SERVICES PROVIDED BY THE NGO RECIPIENT.

3. TRAINING - PVO CO-FINANCING PROJECT: THE REVIEW COMMITTEE NOTED SEVERAL CONCERNS WHICH SHOULD BE ADDRESSED IN EXTENDING AND IMPLEMENTING THIS PROJECT.

(A) PROGRAM PRIORITIES - AN APPROPRIATE SCREENING APPROACH WILL NEED TO BE PUT IN PLACE TO ENSURE THAT THE NGO ACTIVITIES ULTIMATELY SELECTED FOR FUNDING UNDER THIS ACTIVITY REFLECT THE PRIORITIES ESTABLISHED IN THE NEW AGENCY STRATEGY DOCUMENTS.

(B) IN SUPPORTING HEALTH/FAMILY PLANNING PVO ACTIVITIES, THE PROJECT NEEDS TO BE CAREFUL NOT TO CREATE A SITUATION IN WHICH NGOS REMAIN DEPENDENT ON DONOR RESOURCES FOR SERVICE PROVISION TO INDIGENTS. INSTEAD, EFFORTS SHOULD BE MADE TO DESIGN SUPPORT SO THAT THE NGOS CAN PROVIDE SERVICES AT COST TO LOW-INCOME INDIVIDUALS AND/OR RECEIVE PUBLIC SUBSIDIES FOR CARE FOR INDIGENTS. THIS WILL REQUIRE CAREFUL PLANNING OF COST CONTAINMENT AND COST RECOVERY, TARGETING OF SERVICES TO APPROPRIATE S/E GROUPS, AND SELECTION OF NGO PROPOSALS WHICH CAN REALISTICALLY CONTINUE TO PROVIDE SERVICES AFTER THEIR USAID GRANTS ARE OVER.

(C) IN RECOGNITION OF THE MANAGEMENT-INTENSIVE NATURE OF A PVO PROJECT COVERING THREE SECTORS, THE COMMITTEE CAUTIONS THE MISSION TO REALISTICALLY CONTAIN THE NUMBER OF GRANTS AND SCOPE OF FUNDED ACTIVITIES IN ORDER TO ENSURE ACCOUNTABILITY AND IMPACT.

4. FURTHER CLARIFICATION OF THIS MESSAGE MAY BE OBTAINED, AS NEEDED, FROM SUSAN ALEXANDER, LAC/DR.

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ANNEX E.

STATUTORY CHECKLIST

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NICARAGUA - 1994

5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable to the eligibility of countries to receive the following categories of assistance: (A) both Development Assistance and Economic Support Funds; (B) Development Assistance funds only; or (C) Economic Support Funds only.

A. COUNTRY ELIGIBILITY CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUND ASSISTANCE

1. Narcotics Certification

(FAA Sec. 490): (This provision applies to assistance provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance relating to international narcotics control, disaster and refugee relief assistance, narcotics related assistance, or the provision of food (including the monetization of food) or medicine, and the provision of non-agricultural commodities under P.L. 480. This provision also does not apply to assistance for child survival and AIDS programs which can, under Section 522 of the FY 1994 Appropriations Act, be made available notwithstanding any provision of law that restricts assistance to foreign countries.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government):

N/A; Nicaragua is not a major illicit drug producing or major drug transit country.

(1) has the President in the April 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without Congressional enactment, within 45 calendar days, of a resolution disapproving such a certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to satisfy the goals and objectives established by the U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, or that (b) the vital national interests of the United States require the provision of such assistance? N/A

(2) with regard to a major illicit drug producing or drug-transit country for which the President has not certified on April 1, has the President determined and certified to Congress on any other date (with enactment by Congress of a resolution approving such certification) that the vital national interests of the United States require the provision of assistance, and has also certified that (a) the country has undergone a fundamental change in government, or (b) there has been a fundamental change in the conditions that were the reason why the President had not made a "fully cooperating" certification. N/A

2. Indebtedness to U.S. citizens (FAA Sec. 620(c): If assistance is to a government, is the government indebted to any U.S. citizen for goods or services furnished or ordered where: (a) such citizen has exhausted available legal remedies, (b) the debt is not denied or contested by such government, or (c) the indebtedness arises under an unconditional guaranty of payment given by such government or controlled entity?

We are not aware of any debts the Government of Nicaragua owes to any U.S. citizen for goods or services that meet the criteria set forth in this section.

3. Seizure of U.S. Property (FAA Sec. 620(e)(1)): If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

The Sandinista Government of Nicaragua did expropriate property without compensation, including that of U.S. citizens. However, the current democratically-elected government has created a process to review claims of illegal property confiscations, including procedures for compensation and binding arbitration. Several properties have already been returned and compensation bonds have been issued in lieu of return of several additional properties. U.S.G. Inter-agency Working Group on Expropriations periodically reviews the status of this issue to determine whether "good faith efforts" to return and/or compensate for expropriated properties are continuing.

4. Communist countries (FAA Secs. 620(a), 620(f), 620D; FY 1994 Appropriations Act Secs. 507, 523): Is recipient country a Communist country? If so, has the President: (a) determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism, or (b) removed a country from applicable restrictions on assistance to communist countries upon a determination and report to Congress that such action is important to the national interest of the United States? Will assistance be provided either directly or indirectly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, Iran or Syria? Will assistance be provided to Afghanistan without a certification, or will assistance be provided inside Afghanistan through the Soviet-controlled government of Afghanistan?

No.

5. **Mob Action (FAA Sec. 620(j)):** **No.**
 Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property?
6. **OPIC Investment Guaranty (FAA Sec. 620(l)):** **No.**
 Has the country failed to enter into an investment guaranty agreement with OPIC?
7. **Seizure of U.S. Fishing Vessels (FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5):** **No.**
 (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made?
8. **Loan Default (FAA Sec. 620(q); FY 1994 Appropriations Act Sec. 512 (Brooke Amendment)):** **Yes. However, Section 512 of FY 1994 Appropriations Act also allows funds made available by that Act or during the current fiscal year to be used to furnish assistance to Nicaragua notwithstanding those defaults.**
 (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1994 Appropriations Act appropriates funds?
9. **Military Equipment (FAA Sec 620(s)):** **Yes. Taken into account by the Administrator at the time of approval of the FY 1994 OYB.**
 If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

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10. Diplomatic Relations with U.S. (FAA Sec. 620(t)): Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? No.

11. U.N. Obligations (FAA Sec. 620(u)): What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the "Taking into Consideration" memo.) Nicaragua is in arrears on payment of UN obligations, both generally and for purposes of Article 19 of the UN Charter; this was taken into account at the time of approval of the Agency FY 1994 OYB.

12. International Terrorism

a. Sanctuary and support (FY 1994 Appropriations Act Sec. 529; FAA Sec. 620A): Has the country been determined by the President to: (a) grant sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or (b) otherwise support international terrorism, unless the President has waived this restriction on grounds of national security or for humanitarian reasons? No.

b. Airport Security (ISDCA of 1985 Sec. 552(b)). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? No.

13. Countries that Export Lethal Military Equipment (FY 1994 Appropriations Act Sec. 573): Is assistance being made available to the government which provides lethal military equipment to a country the government of which the Secretary of State has determined is a terrorist government for purposes of section 40 (d) of the Arms Export Control Act.

14. **Discrimination (FAA Sec. 666(b)):** **No.**
Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?

15. **Nuclear Technology (FAA Secs. 669, 670):** **No.**
Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)

16. **Algiers Meeting (ISDCA of 1981, Sec. 720):** **Yes. Taken into account by the Administrator at the time of approval of Agency FY 1994 OYB.**
Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the "Taking into Consideration" memo.)

17. **Military Coup (FY 1994 Appropriations Act Sec. 508):** **No.**
Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance?

18. **Exploitation of Children (FAA Sec. 116(b)):** Does the recipient government fail to take appropriate and adequate measures, within its means, to protect children from exploitation, abuse or forced conscription into military or paramilitary services? **No.**

19. **Parking Fines (FY 1994 Appropriations Act Sec. 574):** Has the overall assistance allocation of funds for a country taken into account the requirements of this section to reduce assistance by 110 percent of the amount of unpaid parking fines owed to the District of Columbia as of September 30, 1993?

B. COUNTRY ELIGIBILITY CRITERIA APPLICABLE ONLY TO DEVELOPMENT ASSISTANCE ("DA") **N.A.**

1. **Human Rights Violations (FAA Sec. 116):** Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy? **No.**

2. **Abortions (FY 1994 Appropriations Act Sec. 518):** Has the President certified that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performance of abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? **No.**

C. COUNTRY ELIGIBILITY CRITERIA APPLICABLE ONLY TO ECONOMIC SUPPORT FUNDS ("ESF")

Human Rights Violations (FAA Sec. No. 502B): Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest?

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5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE? YES

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

1. Host Country Development Efforts (FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.

The project will likely provide training and technical assistance to microentrepreneurs, thereby increasing private initiative and competition.

2. U.S. Private Trade and Investment (FAA Sec. 601(b)): Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

The project will encourage U.S. Private Voluntary Organizations to launch new efforts in Nicaragua.

a. General requirement (FY 1993 Appropriations Act Sec. 522; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the Appropriations Act notification requirement has been waived because of substantial risk to human health or welfare)?

A Congressional notification was sent to Congress on December 16, 1993.

b. Notice of new account obligation (FY 1993 Appropriations Act Sec. 514): If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures? N/A

c. Cash transfers and nonproject sector assistance (FY 1993 Appropriations Act Sec. 571(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted? N/A

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

5. Legislative Action (FAA Sec. 611(a)(2)): If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance? No legislative action is required

6. Water Resources (FAA Sec. 611(b); FY 1993 Appropriations Act Sec. 501): If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) N/A

7. Cash Transfer and Sector Assistance (FY 1993 Appropriations Act Sec. 571(b)): Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

N/A

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

N/A

9. Multiple Country Objectives (FAA Sec. 601(a)): Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

See Item A.1 above.

10. U.S. Private Trade (FAA Sec. 601(b)): Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

See Item A.2 above.

11. Local Currencies

a. Recipient Contributions (FAA Secs. 612(b), 636(h)): Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

The GON will not contribute local currency to the Project per waiver signed.

b. **U.S.-Owned Currency** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No

c. **Separate Account** (FY 1993 Appropriations Act Sec. 571). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies: N/A. This Project will not generate local currency.

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

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

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

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

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12. Trade Restrictions

a. Surplus Commodities (FY 1993 Appropriations Act Sec. 520(a)): If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

No.

b. Textiles (Lautenberg Amendment) (FY 1993 Appropriations Act Sec. 520(c)): Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

No.

13. Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3)(as referenced in section 532(d) of the FY 1993 Appropriations Act): Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

No.

14. PVO Assistance

a. Auditing and registration (FY 1993 Appropriations Act Sec. 536): If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

Yes. All U.S. PVO grant recipients will be required to provide records upon request, and to be registered with A.I.D..

b. Funding sources (FY 1993 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"): If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

All U.S. PVOs that receive grants from this project will be required to obtain at least 20% of their total annual funding for international activities from sources other than the U.S. Government.

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

N/A

16. Metric System (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

Yes.

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

Yes. Women will be among the principal beneficiaries of the health sector, family planning and microenterprise grants funded by this project.

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

No.

19. Abortions (FY 1993 Appropriations Act, Title II, under heading "Population, DA," and Sec. 524):

a. Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

No.

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

No.

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

Yes. The Project will encourage U.S. PVOs to subgrant funds to local PVOs, and to carry out development activities through local institutions such as cooperatives, church groups, and others capable of channeling aid to large numbers of beneficiaries.

21. **U.S.-Owned Foreign Currencies**

a. **Use of currencies** (FAA Secs. 612(b), 636(h); FY 1993 Appropriations Act Secs. 507, 509): Are steps being taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.

See Item A.11.a above.

b. **Release of currencies** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No.

22. **Procurement**

a. **Small business** (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?

Yes. Small businesses will be able to compete equitably for the contract to staff the PMU and for all commodity procurements.

b. **U.S. procurement** (FAA Sec. 604(a) as amended by section 597 of the FY 1993 Appropriations Act): Will all procurement be from the U.S., the recipient country, or developing countries except as otherwise determined in accordance with the criteria of this section?

Yes.

c. Marine insurance (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? N/A

d. Non-U.S. agricultural procurement (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) N/A

e. Construction or engineering services (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.) No.

f. Cargo preference shipping (FAA Sec. 603): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates? No.

g. Technical assistance (FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

Yes. Technical assistance will be obtained from a U.S. private for profit firm.

h. U.S. air carriers (International Air Transportation Fair Competitive Practices Act, 1974): If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes.

i. Termination for convenience of U.S. Government (FY 1993 Appropriations Act Sec. 504): If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

Yes.

j. Consulting services (FY 1993 Appropriations Act Sec. 523): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?

Yes.

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

Yes.

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

Yes.

23. Construction

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

N/A

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

N/A

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

N/A

24. U.S. Audit Rights (FAA Sec. 301(d)): If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

N/A

25. Communist Assistance (FAA Sec. 620(h)). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

Yes.

26. Narcotics

a. Cash reimbursements (FAA Sec. 483): Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated?

Yes.

b. Assistance to narcotics traffickers (FAA Sec. 487): Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance?

Yes.

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| <p>27. Expropriation and Land Reform (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President?</p> | <p>N/A</p> |
| <p>28. Police and Prisons (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?</p> | <p>Yes.</p> |
| <p>29. CIA Activities (FAA Sec. 662): Will assistance preclude use of financing for CIA activities?</p> | <p>Yes.</p> |
| <p>30. Motor Vehicles (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained?</p> | <p>N/A</p> |
| <p>31. Military Personnel (FY 1993 Appropriations Act Sec. 503): Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel?</p> | <p>Yes.</p> |
| <p>32. Payment of U.N. Assessments (FY 1993 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues?</p> | <p>Yes.</p> |
| <p>33. Multilateral Organization Lending (FY 1993 Appropriations Act Sec. 506): Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)?</p> | <p>Yes.</p> |

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

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

36. Publicity or Propaganda (FY 1993 Appropriations Act Sec. 516): Will assistance be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress? No.

37. Marine Insurance (FY 1993 Appropriations Act Sec. 560): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate? Yes.

38. Exchange for Prohibited Act (FY 1993 Appropriations Act Sec. 565): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law? No.

39. Commitment of Funds (FAA Sec. 635(h)): Does a contract or agreement entail a commitment for the expenditure of funds during a period in excess of 5 years from the date of the contract or agreement? No.

40. Impact on U.S. Jobs (FY 1993 Appropriations Act, Sec. 599):

(a) Will any financial incentive be provided to a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S. in a manner that would likely reduce the number of U.S. employees of that business? No.

(b) Will assistance be provided for the purpose of establishing or developing an export processing zone or designated area in which the country's tax, tariff, labor, environment, and safety laws do not apply? If so, has the President determined and certified that such assistance is not likely to cause a loss of jobs within the U.S.? No.

(c) Will assistance be provided for a project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country? No.

B. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. Agricultural Exports (Bumpers Amendment) (FY 1993 Appropriations Act Sec. 521(b), as interpreted by conference report for original enactment): If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (1) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers?

N/A

2. Tied Aid Credits (FY 1993 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits?

No.

3. Appropriate Technology (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

Sub-projects that emphasize appropriate technology could be among those funded by this Project.

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

The project will carry out development activities through local institutions such as cooperatives, church groups, and others capable of channeling aid to large numbers of beneficiaries.

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

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

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

8. Benefit to Poor Majority (FAA Sec. 128(b)): If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

Yes. The availability of beneficiaries to continue subproject activities once the AID contribution has been completed will be a key factor in evaluating PVO proposals.

(a)-(c) The Project will carry out development activities through local institutions such as cooperatives, church groups, and others capable of channeling aid to large numbers of beneficiaries.

(d) Women will be the primary beneficiaries of the health and family planning activities funded by the Project.

(e) N/A

Yes.

Yes. Poor Nicaraguans in small urban and rural areas of the country will be the project's primary beneficiaries, and a major task of the Project Management Unit will be to monitor the effects of Project funded activities.

9. Abortions (FAA Sec. 104(f); FY 1993 Appropriations Act, Title II, under heading "Population, DA," and Sec. 534):

a. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions? No.

b. Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations? No.

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? No.

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services? Yes.

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning? No.

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization? No.

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

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11. Disadvantaged Enterprises (FY 1993 Appropriations Act Sec. 563): What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

12. Biological Diversity (FAA Sec. 119(g): Will the assistance: (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?

13. Tropical Forests (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act):

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

Ten percent of all direct A.I.D. contracts for technical services will be reserved for such institutions.

a) Yes.

b) No.

c) The Project would consider funding such efforts if a U.S. PVO submits a proposal to do so.

d) No.

Per A.I.D. Regulation 16, the Chief Environmental Officer for the LAC Bureau concurred in USAID/N's recommendation for a Categorical Exclusion for the health, family planning, and microenterprise activities of this Project, and for a deferred Negative Determination for its employment generation and environmental protection activities.

b. Conservation: Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental

The activities cited in sections (1)-(10) of FAA Sec. 118(c) are all potentially among the types of efforts that the natural resource management component of this Project could promote. Final identification of those activities, however, and thus a definitive response to these questions, will depend upon the nature of grant proposals received from U.S. PVOs.

impacts of the proposed activities on biological diversity?

c. Forest degradation: Will assistance be used for: (1) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

No.

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

No. Other A.I.D. Project in this sector, the Natural Resources Management Project, will assist the GON in developing such a sustainable program.

e. Environmental impact statements: Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

Yes. Prior to Project start-up, procedures will be developing to ensure that PVO grants in the areas of employment generation and natural resources management do not have a significant harmful effect on the environment.

14. **Energy** (FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

N/A

15. **Debt-for-Nature Exchange** (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

N/A

16. **Deobligation/Reobligation** (FY 1993 Appropriations Act Sec. 515): If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

N/A

17. **Loans**

a. **Repayment capacity** (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

N/A

b. **Long-range plans** (FAA Sec. 122(b)): Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

N/A

c. **Interest rate (FAA Sec. 122(b)):** If development loan is repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter? N/A

d. **Exports to United States (FAA Sec. 620(d)):** If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest? N/A

18. Development Objectives (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

(1)-(3) See Item B.4 above.

(4) Women will be the primary beneficiaries of the health and family planning activities funded by the Project.

(5) N/A

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a. **Rural poor and small farmers:** If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made. N/A

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

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

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20. Population and Health (FAA Secs. 104(b) and (c)): If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

PVO grant proposals that emphasize low-cost, integrated delivery systems and pay particular attention to the needs of mothers and young children will be given priority in the award of health sector grants under this Project.

21. Education and Human Resources Development (FAA Sec. 105): If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

N/A

22. Energy, Private Voluntary Organizations, and Selected Development Activities (FAA Sec. 106): If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;

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

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

d. reconstruction after natural or manmade disaster and programs of disaster preparedness;

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

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

23. Capital Projects (Jobs Through Export Act of 1992, Secs. 303 and 306(d)): If assistance is being provided for a capital project, is the project developmentally sound and will the project measurably alleviate the worst manifestations of poverty or directly promote environmental safety and sustainability at the community level?

Activities related to the production of energy are not among this Project's areas of emphasis.

77.1% of Project funds will be granted to U.S. PVOs to carry out development activities related to health, family planning, microenterprise, employment generation, and natural resource management.

The Project will fund mid-term and final evaluations that will examine, inter alia, the relative success of the various development techniques used by PVO grant recipients.

N/A

N/A

PVO grants issued under the Project will support employment generation and microenterprise activities that will assist the urban poor and that may include technical assistance and training to small, labor-intensive enterprise.

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C. **CRITERIA APPLICABLE TO
ECONOMIC SUPPORT FUNDS ONLY**

N/A

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

2. Military Purposes (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes?

3. Commodity Grants/Separate Accounts (FAA Sec. 609): If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? (For FY 1993, this provision is superseded by the separate account requirements of FY 1993 Appropriations Act Sec. 571(a), see Sec. 571(a)(5).)

4. Generation and Use of Local Currencies (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1993, this provision is superseded by the separate account requirements of FY 1993 Appropriations Act Sec. 571(a), see Sec. 571(a)(5).)

5. Cash Transfer Requirements (FY 1993 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 571(b)).
If assistance is in the form of a cash transfer:

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

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b. Local currencies: Will all local currencies that may be generated with funds provided as a cash transfer to such a country also be deposited in a special account, and has A.I.D. entered into an agreement with that government setting forth the amount of the local currencies to be generated, the terms and

conditions under which they are to be used, and the responsibilities of A.I.D. and that government to monitor and account for deposits and disbursements?

c. U.S. Government use of local currencies: Will all such local currencies also be made available to the U.S. government as the U.S. determines necessary for the requirements of the U.S. Government, or to carry out development assistance (including DFA) or ESF purposes?

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

6. Capital Projects (Jobs Through Exports Act of 1992, Sec. 306, FY 1993 Appropriations Act, Sec. 595): If assistance is being provided for a capital project, will the project be developmentally-sound and sustainable, i.e., one that is (a) environmentally sustainable, (b) within the financial capacity of the government or recipient to maintain from its own resources, and (c) responsive to a significant development priority initiated by the country to which assistance is being provided. (Please note the definition of "capital project" contained in section 595 of the FY 1993 Appropriations Act.)

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