

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Marshall D. Brown

Problem: Authorization of the \$7.5 million Education Sector Loan Project in the Dominican Republic.

Discussion: The purpose of this four year, \$15.0 million project (\$7.5 million AID, \$7.5 million GODR) is to provide at least four years of improved basic education to all children residing in the rural areas of the provinces of Peravia, Azua, San Cristobal and the rural areas of the National District and to implement the education reform for grades 1-8 for the same rural areas.

The project includes a comprehensive program containing the essential elements of an efficient and effective primary education system including: (1) development of an education statistical information system (AID - \$142,000; GODR - \$20,000) which includes technical assistance, participant training and publication of statistical reports; (2) research and planning (AID - \$188,000; GODR \$44,000) which includes technical assistance, participant training, and research contracts; (3) upgrading of teachers, administrators and technicians (AID - \$912,000; GODR - \$2,109,000) which includes technical assistance, participant training and in-country training; (4) development of educational materials (AID - \$720,000) which includes technical assistance, participant training, procurement of equipment and teaching materials; (5) construction and equipping of 654 new classrooms (AID - \$5,120,000; GODR - \$5,120,400); (6) establishment of a school maintenance system in the target area (AID \$340,000) which includes commodities and technical assistance; and (7) administration of the project (AID \$83,000; GODR - \$201,600), which includes vehicles and other commodity procurement.

The LAC Bureau's Development Assistance Executive Committee (DAEC) reviewed the project on November 30, 1978 and made the following recommendations which were incorporated in the PP: (1) that a section be included in the body of the paper which describes the mechanism to be established that will ensure coordination between the World Bank and the USAID in implementing their respective education sector loans; (2) that the section dealing with the Office of

Community Development's (CDC) capability to implement the school construction component of both the AID and World Bank loans be strengthened; (3) that the financial plan be revised to include a higher contingency and inflation factor; (4) that a technical assistance plan and a vehicle maintenance plan be added as conditions precedent to disbursement; (5) that a modified FAR method of disbursement for school construction be considered; and (6) that the research and planning component of the project be expanded to include research on the effects of migration and of changes in drop-out and repetition rates on the demand for rural primary education. In addition, the DAEC expressed concern that the Mission's engineering staff may be insufficient to support the Mission's many construction activities included in the proposed Education Project and, at the same time, handle the substantial engineering related monitoring responsibilities required under both the African Swine Fever and Health Sector II Projects. The Mission will seek to strengthen its staff by requesting mode clearance for the addition of a U.S. direct-hire engineer.

The Project was included in the FY 79 Congressional Presentation at \$5.0 million. An Advice of Program Change was forwarded to Congress on December 5, 1978 and the waiting period expires on December 19, 1978.

The Initial Environmental Examination conclusion that the project will not result in any significant impacts on the human environment was approved on July 26, 1978.

Recommendation: That you sign the attached Project Authorization for the Education Sector Project thereby authorizing a loan of \$7.5 million.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

Loan No. 517-V-032
(AID/LAC/P-009)

ASSISTANT
ADMINISTRATOR

PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS

Name of Country: Dominican Republic

Name of Project: Education Sector Loan

Project Number : 517-0119

Pursuant to Part I, Chapter 1, Section 105 of the Foreign Assistance Act of 1961, as amended, I hereby authorize a Loan to the Dominican Republic (the "Borrower") of not to exceed Seven Million Five Hundred Thousand United States Dollars (\$7,500,000) (the "Authorized Amount") to help in financing certain foreign exchange and local currency costs of goods and services requested for the project as described in the following paragraph.

The project consists of assisting in a program implemented by the Borrower's Secretariat of Education, Arts and Worship ("SEEBAC") to implement the Borrower's proposed education reform program in the rural areas of the provinces of Azua, Peravia, San Cristobal and the National District (excluding Santo Domingo and other urban areas) (hereinafter referred to as the "Project"). The entire amount of the A.I.D. financing herein authorized for the Project will be obligated when the Project Agreement is executed.

I hereby authorize the initiation of negotiation and execution of the Project Agreement by the officer to whom such authority has been delegated in accordance with A.I.D. regulations and Delegations of Authority, subject to the following essential terms and covenants and major conditions together with such other terms and conditions as A.I.D. may deem appropriate:

A. Interest Rate and Terms of Repayment

The Borrower shall repay the Loan to A.I.D. in United States Dollars within twenty-five (25) years from the date of first disbursement of the Loan, including a grace period of not to exceed ten (10) years. The Borrower shall pay to A.I.D. in United States Dollars interest from the date of first disbursement of the Loan at the rate of two

percent (2%) per annum during the first ten (10) years, and three percent (3%) per annum thereafter, on the outstanding disbursed balance of the Loan and on any due and unpaid interest accrued thereon.

B. Source and Origin of Goods and Services

Except for ocean shipping, goods and services financed by A.I.D. under the Loan shall have their source and origin in the Dominican Republic or in countries included in A.I.D. Geographic Code 941, except as A.I.D. may otherwise agree in writing. Ocean shipping financed under the Loan shall be procured in the United States or the Dominican Republic.

C. Conditions Precedent to Initial Disbursement

Prior to any disbursement, or to the issuance of any commitment documents under the Project Agreement, Borrower shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D.: (1) evidence of the establishment of a Loan Coordinating Office within SEEBAC with a staffing plan that includes the number of personnel and the responsibilities thereof, that is adequate for implementing the project; (2) evidence that an acceptable Project Coordinator has been appointed; and (3) evidence of a functioning engineering/architectural unit within SEEBAC and the assignment of adequate and qualified staff to the unit.

D. Conditions Precedent to Subsequent Disbursements

1. Prior to any disbursement, or the issuance of any commitment document under the Project Agreement, to finance the research and planning component of this Loan, the Borrower, except as A.I.D. may otherwise agree in writing, shall furnish in form and substance satisfactory to A.I.D.:
 - (a) a final statement of research areas for which financing will be made available;
 - (b) the criteria and procedures to be followed for the award of research contracts.
2. Prior to any disbursement, or issuance of any commitment documents under the Project Agreement, to finance training costs for any

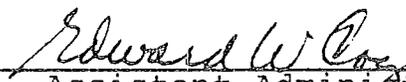
particular Project activity, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D., a detailed training plan, including the criteria for the selection of participants, a budget and the content of the training to be provided under the particular activity.

3. Prior to any disbursement or issuance of any commitment documents under the Project Agreement to finance technical assistance costs for any particular activity, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D., a technical assistance plan including the scopes of work for the technical assistance to be provided under the particular activity.
4. Prior to any disbursement, or the issuance of any commitment document under the Project Agreement to finance the activities under the additional teachers and support personnel component, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D. a detailed recruitment plan, including:
 - (a) criteria for the selection of personnel;
and
 - (b) a detailed budget.
5. Prior to any disbursement or the issuance of any commitment documents under the Project Agreement to finance the activities under the educational materials development component, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D., a detailed implementation/procurement plan, a maintenance plan and a budget for this activity.
6. Prior to any disbursement or the issuance of any commitment documents under the Project Agreement to finance the construction of schools, the procurement of school equipment or to finance the activities under the school maintenance component, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D.:

- (a) detailed criteria to be used in selecting the locations for the construction of school facilities;
- (b) engineering designs, specifications and materials lists for each type of school construction;
- (c) a detailed procurement plan for the furnishings and equipment to be supplied to new and existing facilities including a list giving descriptions, quantities and estimated costs;
- (d) an ODC staffing plan that indicates the engineering, architectural and supervision arrangements to be utilized during the construction for school facilities;
- (e) a copy of an executed agreement between SEEBAC and ODC for carrying out the proposed construction that includes detailed payment provisions; and
- (f) a plan for school building maintenance.

E. Covenant

The Borrower shall covenant, except as A.I.D. may otherwise agree in writing, to prepare and submit to A.I.D. by July 31, 1979, a detailed evaluation plan satisfactory in form and substance to A.I.D.



 Assistant Administrator
 Bureau for Latin America and the
 Caribbean

Dec 20, 1978

 Date

Clearance:

LAC/CAR, HBuckley (Draft) Date 12/7/78
 LAC/DR, GWachtenheim (Draft) Date 12/7/78
 LAC/DR, LArmstrong (Draft) Date 12/7/78
 LAC/DR, MBrown  Date 12/14/78

GC/LAC, JLKessler:lb:
12/17/78