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UNCLASSIFIED

UNITED STATES INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

PROJECT PAPER
FY 1980

OMAN: JOINT COMMISSION FOR ECONOMIC AND TECHNICAL COOPERATION

GRANT NO: 272-0101

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input checked="" type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____	DOCUMENT CODE 3
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2. COUNTRY/ENTITY Oman	3. PROJECT NUMBER 272-0101
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4. BUREAU/OFFICE Bureau for Near East 03	5. PROJECT TITLE (maximum 40 characters) Joint Commission
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6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 09/30/83	7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY 80 B. Quarter <input checked="" type="checkbox"/> C. Final FY 80
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8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	4500	500	5000	4500	500	5000
(Grant)	(4500)	(500)	(5000)	(4500)	(500)	(5000)
(Loan)	()	()	()	()	()	()
Other U.S. 1.						
Other U.S. 2.						
Host Country						
Other Donor(s)						
TOTALS	4500	500	5000	4500	500	5000

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESE	990	900							
(2)									
(3)									
(4)									
TOTALS						5000		5000	

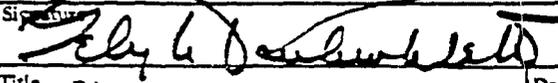
10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	11. SECONDARY PURPOSE CODE
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12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code _____ B. Amount _____

3. PROJECT PURPOSE (maximum 480 characters) <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> To promote the economic development of Oman through technical assistance, training and project activities and to support the operation of the U.S.-Oman Joint Commission for Economic and Technical Cooperation. </div>

4. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 06/81 06/82 10/83	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify) _____
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)
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17. APPROVED BY	Signature:  Title: Director Office of Project Development	Date Signed MM DD YY 09/25/80	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY 09/22/80
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September 22, 1980

MEMORANDUM

TO : A-AA/NE, Mr. Alfred D. White
FROM : NE/PD, Selig A. Taubenblatt
SUBJECT: Oman - FY 80 Obligation of \$5.0 Million

Problem: Your approval is required for a \$5.0 million grant of FY 1980 ESF funds to the Government of Oman to assist in financing technical assistance, training and project activities.

Background: In furtherance of U.S. foreign policy objectives in the Indian Ocean area, the Department of State has negotiated separate but parallel agreements with the Government of Oman which provide for U.S. military access to Oman facilities in time of need, and for the establishment of a Joint Commission for economic and technical cooperation. The Commission, to be jointly staffed with Omani and U.S. personnel, will serve as the institutional arrangement for programming and administering U.S. economic assistance. The U.S. has agreed in principle to provide \$5.0 million in ESF grant funds annually, and up to \$20 million in FY 82/83 ESF loan funds should suitable projects be identified for funding. The Oman Government has agreed to match the level of U.S. loan funds.

The general organizational structure and operating procedures for the Joint Commission were negotiated during the visit of an AID team in June 1980. The AID team also surveyed Oman's economic development situation and identified sectors and project possibilities for U.S. assistance. The team's report (Attachment 1) was reviewed on July 18, 1980, by the Near East Advisory Committee, which generally endorsed its findings and recommendations. The Joint Commission Agreement was signed by the U.S. and Oman on August 14, 1980 (Attachment 2); a Bilateral Agreement was signed on September 4, 1980. Both governments are now proceeding with identification of staff and other steps necessary to make the Joint Commission operational.

It is proposed that the initial \$5.0 million ESF grant to the Oman Government be authorized and obligated in FY 80. Undersecretary Nimetz formally approved the use of \$5.0 million FY 1980 ESF funds for this purpose on September 12, 1980.

The Joint Commission: The Commission will operate under the joint authority of two co-chairmen, the U.S. Ambassador and the Omani Undersecretary of the Ministry of Foreign Affairs. The Oman Government will second a Senior Executive Officer to serve as the managing director of the Commission. AID will assign two development officers to the Commission who will be responsible for technical aspects of project identification, development and implementation.

The Omani Senior Executive officer will manage the day-to-day operations of the Commission in accordance with agreed upon rules and procedures and as directed by the co-chairmen. He will also be responsible for facilitating the Commission's work with other Oman Government agencies and ministries. The AID officers will assist in identifying projects and activities suitable for AID financing; in assuring that necessary feasibility studies are carried out, that required AID procedures are adhered to and that appropriate AID reviews and approvals are obtained; and in managing and monitoring approved activities. Where necessary, the AID officers will arrange for TDY expertise to assist in carrying out their duties.

It has been determined that the AID officers should be appointed under Section 631 of the FAA which will allow them to retain their independent status as AID employees while at the same time taking day-to-day direction from the Omani Senior Executive officer. They will in a formal sense, however, report only to the U.S. ambassador as co-chairman. This arrangement is intended to avoid conflict of interest questions under U.S. statutes and A.I.D. regulations and will permit the delegation of AID authorities if and as appropriate. (See Mullen to White memorandum, "Structure of Oman Joint Commission," dated August 4, 1980.) The Commission will enter into major subactivities pursuant to the grant agreement only upon joint agreement of the two co-chairmen.

When established, the Joint Commission will provide the necessary institutional framework for effective and proper use of AID funds. The Oman Government already has in place a development planning system, managed by the Oman Development Council, which identifies sectors and projects for investment, establishes priorities among ministry proposals, allocates development budget resources and produces a five-year planning document. During the last several years, the Oman government has successfully undertaken numerous development projects consistent with such planning. These have included a broad range of infrastructure projects, various feasibility studies and consultant services. Financing has come from Oman Government resources as well as Arab and other donor funds. The World Bank, for example, presently has four projects in Oman (education, technical assistance, highway maintenance and power/water studies) totalling \$25.0 million, and all are proceeding satisfactorily. The Commission will draw closely on this experience with project development and implementation.

The 1981-85 Oman Development Plan is now in the final phase of preparation. Activities selected for AID-financing under the Joint Commission will be those which have high priority in the Oman five-year development plan, those which are particularly suited to U.S. technology or expertise and those which best satisfy AID policy and project criteria.

It is expected that subactivities proposed for AID financing under this grant will be subjected to AID review and approval consistent with procedures and criteria developed by the Commission and agreed to by AID. For subactivity projects, this process will provide for an AID review and approval role which is substantively equivalent to the PID/PP system.

Procurement of AID-funded goods and services will utilize, to the maximum extent practical, standard Oman Government procedures. Prior to their formal adoption for use by the Joint Commission, these procedures, which include public advertising, competitive selection and open evaluation and approval of awards, will be reviewed for consistency with AID policy and statutory requirements. Modifications will be made where necessary.

Proposed Use of the FY 80 \$5.0 Million Grant: During negotiations for the Joint Commission, it was agreed that a portion of the annual \$5.0 million grant would be used to fund certain operational costs of the Commission. These will include such items as salaries and benefits for locally-hired support staff; local transportation and travel costs; and equipment, furniture, supplies and utilities for the Commission's offices. Operating costs to be funded out of the \$5.0 million grant are estimated at approximately \$200,000 in the first year. Office rental will be an Oman Government contribution. Costs associated with AID officers' salaries, benefits, housing and international travel will be borne directly by AID's operating expense budget.

The balance and major portion of the grant will be available for project development and implementation. While it was agreed at the time of the Joint Commission negotiations that no decisions on specific programmatic uses of the grant would be made until the Commission becomes operational, a principal objective of the AID team during its June 1980 visit was to tentatively identify, through discussions with the Oman Development Council and various ministries and government agencies, high priority activities which might be ready for early financing under the initial \$5.0 million grant. In conjunction with these discussions, the team also surveyed major sectors of the Oman economy with a view to determining development constraints and assistance opportunities which could be exploited to mutual advantage for quick, tangible results to demonstrate the value of the newly established economic and technical cooperation relationship between the Oman and U.S. Governments.

This process produced one specific project for potential AID financing (a water recharge pilot project for which some preliminary feasibility work has already been performed by the U.S. Corps of Engineers). It also established a strong interest in technical assistance for conducting studies and developing projects in such areas as health, fisheries, agriculture, housing and water and a general participant training program for a wide range of academic and vocational skills.

Based on the AID team's discussions with the Oman Government, an illustrative list of technical assistance, training and project activities for use of the \$5.0 million grant would include: additional feasibility and design work for the water recharge project (\$0.5 million); the first funding increment for an umbrella development training project (\$0.5 million); consultant services for feasibility studies, project development and design assistance (\$0.5 million); and final design and initial construction financing for the water recharge pilot project (\$4.0 million).

Conclusion: There are important U.S. and Oman foreign policy objectives to be served by moving quickly to establish and fund the Joint Commission. Negotiations have been completed and an agreement executed setting forth the basic

precepts which will govern the Commission's operations. Both Governments are in the process of identifying principal officers to staff the Commission. An AID team has visited Oman and concluded that (1) appropriate developmental uses to be considered for funding under the initial grant would be technical assistance, training and the water recharge pilot project and (2) a functioning development planning and project selection and implementation process exists within the Oman Government which the Commission can build upon and modify to satisfy AID requirements. While organizationally somewhat unique, it is expected that the Joint Commission arrangement will in fact result in a project identification, design, approval and implementation matrix which in substance parallels the "normal AID process".

Against this background and recognizing the desirability of not preempting the Joint Commission in selecting activities for financing, it is believed that adequate institutional planning has been done to warrant authorization of a \$5.0 million grant at this time. Grant proceeds would be used to fund agreed upon operating costs and subactivities for technical support, training and projects. Release of funds for these purposes would be subject to reaching written agreement on (a) specific operating costs to be funded, (b) criteria for selection of sub-activities, (c) procedures for review and approval of selected subactivities and (d) procedures for procurement of goods and services. These procedures, to be developed by the Commission and approved by AID, would reflect AID policy and statutory requirements.

A Congressional Advice of Program Change was forwarded to the Congress on September 12, 1980. The fifteen-day waiting period has expired without Congressional objection to the grant.

There are no human rights issues with respect to Oman that would affect the making of the proposed grant.

Recommendation: That by signing the attached authorization (Attachment 3) you authorize a \$5.0 million grant to the Government of Oman to be used by the U.S.-Oman Joint Commission to finance technical assistance, training and project subactivities as well as to fund mutually agreed upon operating costs of the Commission.

Attachments:

1. AID Team Report (On file in NE/PD)
2. Joint Commission Agreement
3. Authorization
4. Statutory Checklist

**AGREEMENT BETWEEN THE GOVERNMENT OF THE
SULTANATE OF OMAN AND THE GOVERNMENT OF
THE UNITED STATES OF AMERICA TO ESTABLISH
A JOINT COMMISSION ON ECONOMIC AND
TECHNICAL COOPERATION.**

**The Government of the Sultanate of Oman and the Government
of the United States of America,**

**Having the mutual desire to develop and strengthen
relations between their two countries ,**

**Determined , in particular , to promote economic and
technical cooperation between their two countries ,**

Have agreed as follows :

Article 1

**The Government of the Sultanate of Oman and the
Government of the United States of America hereby establish
a Joint Commission on Economic and Technical Cooperation .**

Article 2

**The Commission shall be headed jointly by the United
States Ambassador to Oman for the United States and by an
Omani official to be designated for this purpose for Oman .**

SPD

The representation of each Government may include , as appropriate, representatives of concerned agencies, departments or ministries .

Article 3

The Commission shall seek to develop and strengthen , to the greatest possible extent, economic and technical cooperation between the Sultanate of Oman and the United States . Activities of the Commission undertaken in fulfillment of this objective may include, among others :

- (1) periodic review of matters involving the cooperative efforts of the two countries in economic and technical areas , including review of the implementation of relevant economic and technical agreements which may be in force from time to time between the two countries ;
- (2) identification and exploration of areas for enhanced economic and technical cooperation between the two countries ;



- (3) recommendation of specific projects, programs or other activities or measures which will encourage and facilitate growth and development through cooperation between the two countries on economic and technical matters .

Article A

This Agreement shall enter into force on the date of signature and shall remain in effect for ten years, subject to extension as mutually agreed, and it may be terminated at any time by either party by one year's written notice to the other party .

After the expiration of the first five years of the term of the Agreement, and every five years thereafter, the Agreement shall be reviewed by the parties in order to determine whether any modification of its provisions may be appropriate in the light of circumstances then prevailing .

Unless otherwise agreed , termination of this Agreement or of the activities of the Commission shall not affect the validity or duration of any other agreements entered into by the two Governments in the area of economic or technical cooperation .



Article 5

This Agreement shall enter into force on the date of signature hereof

Done in Muscat August 19th 1980 , in two original copies each in English and Arabic, both texts being equally authentic


**For the Government of the
Sultanate of Oman**


**For the Government of the
United States of America**

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

ASSISTANT
ADMINISTRATOR

PROJECT AUTHORIZATION

Name of Country: Sultanate of Oman Name of Project: Joint Commission
Number of Project: 272-0101

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Joint Commission project for the Sultanate of Oman, (the "Cooperating Country"), involving planned obligations of not to exceed \$5,000,000 in grant funds, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the Project.

2. The Project consists of support for the operations of the United States-Oman Joint Commission on Economic and Technical Cooperation, established by an executive agreement of August 19, 1980.

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

a. Source and Origin of Goods and Services

Goods and services, except for ocean shipping, financed by A.I.D. under the Project shall have their source and origin in the Cooperating Country or in the United States, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessel of the United States or the Cooperating Country.

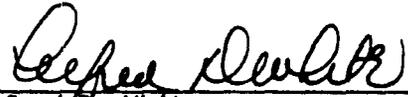
b. Conditions Precedent to Initial Disbursement

~~Prior to any disbursement, or to the issuance of any commitment documents under the Project Agreement(s) to finance operating expenses of the Joint Commission, A.I.D. shall have received in form and substance satisfactory to A.I.D. evidence that the parties have formally agreed in principle upon those operating expenses to be financed by each of the parties, and that the parties and the Joint Commission have established procedures for making disbursement for such expenses.~~

c. Conditions Precedent to Disbursement for Subactivities

(1) Prior to any disbursement or to the issuance of any commitment documents under the Project Agreement(s) to finance the first subactivity of the project, but not operating expenses of the Joint Commission, the Cooperating Country shall furnish in form and substance satisfactory to A.I.D. evidence that the Joint Commission has formally established procedure for the selection, approval and implementation of such subactivities.

(2) Prior to any disbursement, or to the issuance of any commitment documents under the Project Agreement(s) to finance each specific sub-project activity of the Project, but not operating expenses of the Joint Commission, A.I.D. shall have received, in form and substance satisfactory to A.I.D., evidence that the two co-chairmen have formally approved the undertaking of such sub-activity and information indicating that the proposed sub-project is suitable for financing under the Project Agreement(s).



Alfred D. White
Acting Assistant Administrator
Bureau for Near East

9-26-80
Date

Clearances:

NE/DP:Bradshaw Langmaid BL Date 9/24/80
NE/PD:Selig A. Taubenblatt SA Date 9/25/80
NE/PD:Robert H. Bell RB Date 9/25/80
NE/TECH:Lewis P. Reade LR Date 9/26/80
NE/JLS:Blaine C. Richardson BCR Date 9-25-80
GC/NE:Judd L. Kessler JK Date 9/25/80
PPC/PDPR:JEriksson JE Date 9/25

Drafter:GC/NE:SE Carlson:sh:9/18/80:X28700

STANDARD ITEM CHECKLIST

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes.
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him? Yes.
3. FAA Sec. 604(d). If the cooperating country discriminates against U.S. marine insurance companies, will commodities be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in the U.S.? No.
4. FAA Sec. 604(e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? N/A.
5. FAA Sec. 608(a). Compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum 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 that such vessels are available at fair and reasonable rates. Will be complied with.
6. FAA Sec. 621. If technical assistance is financed, to the fullest extent practicable will such assistance, goods and professional and other services from private enterprise, be furnished on a contract basis? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? Yes. Will be used only if suitable per this section.

7. International Air Transport. Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will provision be made that U.S.-flag carriers will be utilized to the extent such service is available? Yes.
8. FY 79 App. Act Sec. 505. Does the contract for procurement contain a provision authorizing the termination of such contract for the convenience of the United States? Direct contracts will contain such a provision.
- B. Construction
1. FAA Sec. 601(d). If a capital (e.g., construction) project, are engineering and professional services of U.S. firms and their affiliates to be used to the maximum extent consistent with the national interest? Yes, if capital subactivities undertaken.
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? Yes, if done.
3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million? N/A.
- C. Other Restrictions
1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N/A.
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A.
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interest of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes.

4. FAA Sec. 636(i). Is financing not permitted to be used, without waiver, for purchase, sale, longterm lease, exchange or guaranty of motor vehicles manufactured outside the U.S.? Yes.
- 5 Will arrangements preclude use of financing:
- a. FAA Sec. 104(f). To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; to pay for performance of involuntary sterilization as a method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization? Yes.
- b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? Yes.
- c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes.
- d. FAA Sec. 662. For CIA activities? Yes.
- e. FY 79 App. Act Sec. / 504 /. To pay pensions, etc., for military personnel? Yes.
- f. FY 79 App. Act Sec. / 506 /. To pay U.N. assessments? Yes.
- g. FY 79 App. Act Sec. / 507 /. To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending.) Yes.
- h. FY 79 App. Act Sec. / 511 /. To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? Yes.
- i. FY 79 App. Act. Sec. / 515 /. To be used for publicity or propaganda purposes within U.S. not authorized by Congress? Yes.

PROJECT CHECKLIST

A. GENERAL CRITERIA FOR PROJECT

1. FY 79 App. Act Unnumbered; FAA Sec. 634A; Sec. 653(b). (a) Describe how authorizing and appropriations Committees of Senate and House have been or will be notified concerning the project; (b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that figure)?
(a) Usual Congressional Notification process.
(b) Yes.
2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?
(a) Yes
(b) Yes
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?
None required.
4. FAA Sec. 611(b); FY 79 App. Act Sec. / 501 /. If for water or water-related land resource construction, has project met the standards and criteria as per the Principles and Standards for Planning Water and Related Land Resources dated October 25, 1973?
If such construction later approved, standards will be met in advance.
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project?
If such assistance to be provided, certification will be made.
6. FAA Sec. 209. Is project susceptible of execution as part of regional or multi-lateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.
No.

7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions. Project should assist items (a) and (e).
8. FAA Sec. 601(b). Information and conclusion 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). Goods and services to be purchased will largely come from U.S.
9. FAA Sec. 612(b); Sec. 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 to meet the cost of contractual and other services. Cooperating country contribution is for operating expenses of Joint Commission.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No.
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.
2. FY 80 App. Act Sec. / 521 /. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? N/A

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(b); 111; 113; 281a.

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, 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: (b) 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; (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?

N/A

b. FAA Sec. 103, 103A, 104, 105, 106, 107.

Is assistance being made available: (include only applicable paragraph which corresponds to source of funds used. If more than one fund source is used for project, include relevant paragraph for each fund source.)

(1) 103 for agriculture, rural development or nutrition; if so (a) extent to which activity is specifically designed to increase productivity and income of rural poor; 103A if for agricultural research, full account shall be taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made; (b) extent to which assistance is used in coordination with programs carried out under Sec. 104 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 food-stuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people; and (c) extent to which

N/A

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.

(2) [104] for population planning under Sec. 104(b) or health under Sec. 104(c); if so, (a) 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 research.

(3) [105] for education, public administration, or human resources development; if so, extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or 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 in developing countries in such disciplines as are required for planning and implementation of public and private development activities.

(4) [106] for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is: (i) (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 (b) facilitative of geological and geophysical survey work to locate potential oil, natural gas, and coal reserves and to encourage exploration for potential oil, natural gas, and coal reserves.

(ii) technical cooperation and development, especially with U.S. private and voluntary, or regional and international organizations;

N/A

(iii) research into, and evaluation of, economic development processes and techniques;

(iv) reconstruction after natural or manmade disaster;

(v) for special development problems, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance;

(vi) for programs of urban development, especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development.

c. 107 is appropriate effort placed on use of appropriate technology? (relatively smaller, cost-saving, labor using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor.)

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least developed" country)?

e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"?

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

g. FAA Sec. 122(b). 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?

2. Development Assistance Project Criteria
(Loans Only)

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

N/A

b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan?

3. Project Criteria Solely for Economic Support Fund

a. FAA Sec. 531(a). Will this assistance promote economic or political stability? To the extent possible, does it reflect the policy directions of section 102?

Yes.

Yes.

b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities?

No.

COUNTRY CHECKLIST

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FAA Sec. 116. Can it be demonstrated that contemplated assistance will directly benefit the needy? If not, has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? No.

2. FAA Sec. 481. Has it been determined that the government of the recipient country has failed to take adequate steps to prevent narcotics drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully? No.

3. FAA Sec. 620(b). If assistance is to a government, has the Secretary of State determined that it is not dominated or controlled by the international Communist movement? Yes.

4. FAA Sec. 620(c). If assistance is to the government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government? No.

5. FAA Sec. 620(e)(1). If assistance is to a government, has it (including 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? No.

6. FAA Sec. 620(a), 620(f), 620D; FY 79 App. Act. Sec. (511, 512, and 513.) Is recipient country a Communist country? Will assistance be provided to Angola, Cambodia, Cuba, Laos or Vietnam? Will assistance be provided to Afghanistan or Mozambique without a waiver? No.

7. FAA Sec. 620(i). Is recipient country in any way involved in (a) subversion of, or military aggression against, the United States or any country receiving U.S. assistance, or (b) the planning of such subversion or aggression? No.
8. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction, by mob action, of U.S. property? No.
9. FAA Sec. 620(l). If the country has failed to institute the investment guaranty program for the specific risks of expropriation, inconvertibility or confiscation, has the AID Administrator within the past year considered denying assistance to such government for this reason? Oman has Investment Guaranty.
10. FAA Sec. 620(o); Fishermen's Protective Act of 1967, as amended, Sec. 5. If country has seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters,
- a. has any deduction required by the Fishermen's Protective Act been made?
- b. has complete denial of assistance been considered by AID Administrator?
11. FAA Sec. 620; FY 79 App. Act Sec. (518.)
(a) Is the government of the recipient country in default for more than six months on interest or principal of any AID loan to the country?
(b) Is country in default exceeding one year on interest or principal on U.S. loan under program for which App. Act appropriates funds? No.
12. FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget which is for military expenditures, the amount of foreign exchange spent on military equipment and the amount spent for the purchase of sophisticated weapons systems? (An affirmative answer may refer to the record of 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.) Yes. An ad hoc review of Oman's military expenditures and requirements concluded that the proposed assistance was warranted.

13. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? No.
14. 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 AID Administrator in determining the current AID Operational Year Budget? No.
15. FAA Sec. 620A, FY 79 App. Act, Sec. (521.) Has the country granted sanctuary from prosecution to any individual or group which has committed an act of international terrorism? Has the country granted sanctuary from prosecution to any individual or group which has committed a war crime? No.
16. FAA Sec. 666. Does the country object, on basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. there to carry out economic development program under FAA? No.
17. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it detonated a nuclear device after August 3, 1977, although not a "nuclear-weapon State" under the nonproliferation treaty? No.

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria.

2. Economic Support Fund Country Criteria.

a. FAA Sec. 502B. Has the country (a) engaged in a consistent pattern of gross violations of internationally recognized human rights or (b) made such significant improvements in its human rights record that furnishing such assistance is in the national interest? No.

b. FAA Sec. 533(b). Will assistance under the Southern Africa program be provided to Angola, Mozambique, Tanzania, or Zambia? If so, has President waived prohibition against the assistance by determining that such assistance will further U.S. foreign policy interests? No.

- c. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? N/A
- d. FY 80 App. Act Sec. (510.). Will assistance be provided 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? No.
- e. FAA Sec. 620B, P.L. 94-329 Sec. 406. Will ESF be furnished to Argentina or Chile? No.