

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add  
C = Change  
D = Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY/ENTITY

World Environment Center (grantee)

3. PROJECT NUMBER

798-0174

4. BUREAU/OFFICE

NE/PD

03

5. PROJECT TITLE (maximum 40 characters)

Private Sector: Indus. Pollution Control

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
1 | 2 | 3 | 1 | 8 | 7

7. ESTIMATED DATE OF OBLIGATION  
(Under 'B:' below, enter 1, 2, 3, or 4)

A. Initial FY 8 | 2 | B. Quarter 4 C. Final FY 8 | 6 |

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY 82			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	162	-	162	731	-	731
(Grant)	( 162 )	( - )	( 162 )	( 731 )	( - )	( 731 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.						
1. US Private Sector	82	-	82	714	-	714
2						
Host Country						
Other Donor(s)						
<b>TOTALS</b>						1445

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	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) ESF	701	851		-	-	162	-	731	-
2)									
3)									
4)									
<b>TOTALS</b>				-	-	162	-	731	-

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

840 | 830 | 874 | 877

11. SECONDARY PURPOSE CODES

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code ENV DEL BU  
B. Amount 361 233

13. PROJECT PURPOSE (maximum 480 characters) :-

To establish a mechanism for the transfer of U.S. experience and technical expertise in industrial pollution control to the growing industrial sector in developing countries in the Near East region.

To enhance the capability of the World Environment Center as an international environment information service.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY  
0 | 6 | 8 | 4 | | | | | 1 | 2 | 8 | 7

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

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

17. APPROVED BY

Signature

Title: W. Antoinette Ford  
Assistant Administrator

Date Signed MM DD YY

18. DATE DOCUMENT RECEIVED BY AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

## PRIVATE SECTOR INITIATIVES IN INDUSTRIAL POLLUTION CONTROL

### I. INTRODUCTION

#### A. Industrial Pollution Control

As the countries in the Near East region become more industrialized their populations are beginning to reap the benefits of this development through expanded employment opportunities, greater availability of manufactured goods, greater demand for locally-produced raw materials, and a generally more dynamic and diversified economy. Such progress has not been made, however, without some costs, among which is the rising level of industrial pollution. In some countries, this is just beginning to make itself felt; in others, the problem has already become acute.

The current situation in the Near East is in many ways analagous to that prevailing in the United States in the sixties and early seventies. In this country industrial pollution had, at that time, reached a level that threatened the health and safety of industrial workers and the surrounding population, and often that of populations far remote from the site of the pollution as well. Public pressure in response to this situation resulted in the promulgation of regulations to control harmful emissions and effluents and to ensure a safe working environment.

Early corporate reaction to these regulatory measures was largely negative. The "environmentalists" demanding the changes were viewed as extremists who overstated the hazards of pollution and understated both the difficulty and the cost of rectifying the problem. Corporate compliance was achieved only through enforcement of federal, state, and local regulations. The experience of the last twenty years, however, has demonstrated that pollution control has had unforeseen benefits and that the social and financial returns to these investments can justify their costs. The result has been that the "environmentalists" are no longer outsiders to industry; instead, the bulk of U.S. environmental expertise now resides within the corporate structure itself. Where once compliance had to be forced now the U.S. industrial sector takes a serious interest in safeguarding the environment. The argument has become not whether to clean up industrial wastes but whether to clean them up at the 97% or the 98% level. Faced with the necessity and the desirability of minimizing pollution levels, industry has turned the situation to its best advantage. Technologies have been developed which make pollution control not only possible but also relatively profitable. For example, the recovery of materials once discharged into the environment forms the basis of a by-products industry that has proven to be a profitable vehicle for expansion for many companies.

In developing countries concern for the degradation of the environment is growing. In such industries as mining, metal processing, tanning, chemical manufacturing, and textile production, the pollutants and toxic substances produced not only are harmful to human health but also can degrade agricultural and forest land, water resources, and air quality. Governments are beginning to realize that sustained development will not be possible unless adequate measures for the protection of the environment are included in the development process. Reporting on the United Nations Session of Special Character sponsored by the U.N. Environmental Programme, the New York Times reported that developing countries "appear to have accepted the idea that development and environment are inseparable." Brazil's environmental chief Nogueira-Neto declared that "It is cheaper to deal with environmental problems at this stage of development than to do it later." (NYT, 13 May 1982). He admitted that the developing countries have come 180

-degrees from their earlier stance that environmental protection as a plot by developed countries to slow economic development.

Developing countries have now acknowledged the need for remedial action but still lack the experience and technical expertise to undertake the necessary analyses. The American industrial sector is recognized as a leader in this area and the industrial sectors of developing countries are eager to learn from American experience. This project has been developed to take advantage of the extensive experience of U.S. corporate environmental experts in the field of industrial pollution control to address the growing problems of the industrial sector in developing countries.

Industrial pollution control is an area in which the concerns of the public and the private sectors must necessarily meet. Unlike other areas of industrial production, in the area of industrial pollution government actions play an important role in the decision-making process. Government regulations and the degree to which they are enforced can influence decisions made in the industrial sector concerning investments in pollution control. Government is responsible for the development and enforcement of regulations that provide adequate protection for the environment but that, at the same time, allow industry to continue operating with a reasonable profit margin. Both government and industry must, therefore, be aware of what is available, feasible, and economical in the field of pollution control so that each is able to make an informed decision on the basis of a shared body of knowledge. Promoting the flow of information between government and industry will help ensure that the regulatory structure will be both effective and fair in addressing the concerns of each sector.

#### B. Private Sector Strategy

The goal of AID's private sector program is to foster the growth of productive, self-sustaining, income and job producing private sectors in developing countries using the financial, technological, and management expertise of the US private sector. Section 601 of the Foreign Assistance Act directs AID to make the maximum use of private sector expertise and other resources and to help forge effective cooperation between American and indigenous private sectors. In response, AID's new private sector initiative seeks to transfer technical skills, management expertise, and appropriate technology as well as to facilitate business relationships between the U.S. private sector and its counterparts in developing countries. This project contributes to that goal by enlisting U.S. corporate environmental experts as technical advisors to industry in developing countries for the design of site-specific pollution abatement programs. Not only will the indigenous industry be helped by the identification of specific interventions which address their particular environmental problems, but also the US private sector will benefit through the establishment of contacts within the industrial sector of the host country. The door is thus opened to future interaction between the host country and U.S. private sectors.

Another objective of the private sector strategy is to identify areas of potentially profitable investment in the private sector of developing countries. Numerous studies have shown investment in pollution control to be highly cost effective. In addition to the obvious environmental benefits the financial gains can be significant. Substances which might be harmful if released into the environment can be recovered and either recycled back into the original processes or used as the basis of a by-products industry. The potential for such investment exists in developing countries. For example, the Turkish steel mill at Ereğli discharges hydrochloric acid into the Black

Sea at levels which constitute a serious hazard to the environment. Yet it must import substantial quantities of hydrochloric acid each year as an essential ingredient in the steel-making process. The cost of hydrochloric acid is thus paid twice--once as the price paid by the environment and again in the cost of foreign exchange. (J. Szyclowicz, "Planning, Managing, and Implementing Technological Development Projects: The Case of the Eregli Iron and Steel Works", Intercollegiate Case Clearinghouse, Soldiers Field, Boston: 1981). Similarly, mercury is imported into Tunisia at over \$40 an ounce, yet the effluent of the Tunisian paper mill at Kasserine contains high levels of this expensive element. "In 1981, mercury losses were 4,700 kilograms per year at this plant. High mercury losses are expensive, and result in pollution problems." (L.W. Patterson, "Pollution Control at the Chlorine-Caustic Plant at the Kasserine Paper Mill, Tunisia," Tenneco, Inc.; Houston, Texas: 1982). American technical assistance could identify ways to recover useful commodities while eliminating them as hazards in the environment. Such studies will lay the groundwork for future productive investment.

## II. Project description

### A. Background

The World Environment Center (WEC), a non-profit, non-advocacy group, was established in 1974 with the goal of increasing public understanding of international environmental issues and how they relate to similar issues in North America. In 1977 the WEC organized the International Environment Forum (IEF), a seminar program on international environmental issues for multinational corporations supported through membership contributions. (See Annex 1 for a list of IEF members) Aware of the growing problems of industrial pollution in developing countries, WEC approached AID early in 1981 with a proposal to explore jointly whether the US private sector could provide the analytical capability necessary to address these problems. Based on its long association with the US corporate community in the area of international environmental issues, the WEC felt that private industry, as the largest repository of environmental technology and know-how in the U.S., might be willing to make its skills available to developing countries through AID as a public service. A meeting was held in Washington in July 1981 with AID environment officials and corporate members of the IEF to determine how the private sector could make its expertise available to industries in a direct and cost-effective manner. Based on this meeting and ensuing discussions, a project was developed in which the US private industrial sector, WEC, and AID cooperate to provide this expertise to the growing industrial sector in the developing countries in the Near East Region. (See Annex 2, WEC proposal, and Annex 3, Project Development History)

Under PD&S funding, the WEC established a list of cooperating companies, through the IEF, who would be willing to send technical experts, on a pro bono basis, to developing countries at their request to investigate specific industrial pollution problems and make recommendations for their solution. (See Annex 4 for the list of cooperating companies.) Pilot activities were undertaken in Tunisia to test the feasibility of the proposed approach. The enthusiasm generated by the pilot efforts on the part of both the Tunisian officials and the corporate participants encouraged the development of a regional activity to continue the provision of technical assistance to Tunisia and to expand the availability of these services to other countries in the Near East region.

There are distinct advantages to using corporate environmental experts rather than professional consultants to provide technical assistance in pollution control. Not only are the private sector experts well-versed in the technical aspects of pollution control but, because they are full-time corporate employees, they are also familiar with the day-to-day problems of implementing and managing pollution control schemes at the factory level. This "hands-on" experience makes them invaluable in a developing country setting where pollution problems are frequently as much a result of poor management practices in operation and maintenance as they are of inadequate technology.

#### B. Project Focus

##### 1. Public vs. Private Sector

This project is primarily an industry-to-industry collaborative effort to help alleviate some of the problems of industrial pollution in developing countries. U.S. industrialists will share their expertise with industrialists in the participating Near East region countries. In many countries in the region industry is either partly or substantially within the public sector. In order to effectively address the problems of industrial pollution assistance under this project will be offered to both private and public sector industry. Wherever possible, priority will be given to private sector industry and among the plants receiving assistance private sector plants will be represented in a proportion equal to or greater than their representation in the industrial sector generally.

##### 2. Host Country Government Participation

Given the important role that government, in its regulatory and oversight capacity, plays in the area of industrial pollution host country governments will be included in project activities as recipients of information generated by project activities. Host country governments will be notified about project activities as appropriate and will be included on the list for technical assistance report distribution and for participation in the corporate experts' debriefing seminars for all public industries and for private sector industries at the invitation of the target industry's owner or manager. In addition, they will receive materials for the establishment of national environmental libraries to aid them in the development of policy and legislation. It is hoped that provision of information about the technical and policy aspects of pollution control to government officials will enable them better to design a regulatory structure so as to promote the maximum desired amount of industrial production with the least possible environmental damage.

#### C. Project Goal

The goal of the project is three-fold: 1) to contribute to the amelioration of the environment through diminution of industrial pollution; 2) to foster better health and well-being of the host country populations through a reduction of hazardous substances in the workplace and in the adjacent environment; and 3) to improve the capacity of both the U.S. and the host country private sectors to contribute to development by facilitating the exchange of technical and managerial information.

The project will address the full range of environmental issues. Undesirable environmental effects can be the consequence of decisions or practices at all stages of industrial operation. Plant design and construction supervision are early factors as is the selection of technology, materials, and chemicals. Environmental problems do not, however, stem solely or even chiefly from such decisions. Plant operation, maintenance, and

supervision can determine whether an environmentally sound design actually results in a plant that provides the maximum feasible protection for the environment.

Environment, as defined in this project, includes not only the air, water, and soil surrounding the plant but also the plant's internal environment, that is, the workplace. The health and safety of workers is inextricably linked to other environmental concerns. Many of the interventions needed to improve the external environment are the same as those needed to insure a safe workplace. Pilot activities in Tunisia have shown that Tunisian plant managers, as well, consider the two related. U.S. corporations often put responsibility for industrial pollution and occupational safety in the same operational unit. Under this project, therefore, "environment" will imply both the external environment and the workplace or internal environment.

#### D. Project Purpose

The purpose of the project is to establish a mechanism for the transfer of U.S. experience and technical expertise in industrial pollution control to the growing industrial sector of developing countries and to enhance the capability of the World Environment Center as an international environment information service. The project will be implemented over a period of five years at an estimated cost of \$1.4 million of which AID's share will be approximately half. In-kind contributions from cooperating U.S. private sector companies will make up the other half.

It is expected that a total of seventy plants will be visited over the life of the project by the corporate volunteers. The immediate beneficiaries of the project will be the industrial sectors of the participating countries. Consistent with AID's private sector policy, the assistance provided under this project will yield technical studies which may form the basis for productive investment or for improved plant operation. If these plans lead to investment in pollution control as is expected, indirect beneficiaries of the project will include those people in the participating countries who live near or work in the target plants. The U.S. private sector will also benefit from its participation in the project through the establishment of informal contacts in the host countries and the enhanced ability of their corporate environmental experts in technical analysis.

#### E. Project activities

With the participation of the members of the IEF an International Environment Service (IES) will be established to provide technical assistance in industrial pollution control to the industrial sectors of participating countries. Through the in-country project liaison officer industries in the participating country will signal their interest in participation. A WEC representative will then visit the country and meet with the appropriate industry representatives and government officials to assist in delineating the needs and priorities in pollution control. Upon return to the US the WEC will identify the appropriate source of technical assistance from among the cooperating companies of the IEF. A corporate expert with the necessary skills will travel to the participating country to visit the selected site or sites and to provide recommendations for the resolution of specific problems. He will present his findings to the industry representatives and host country officials, where appropriate, in a seminar before departure. A complete record of his findings and recommendations will be transmitted to all concerned parties in his technical report. Responsibility for implementation of his recommendations will lie with the host country.

In addition to providing a technical report on the specific problems the expert will bring with him documents relevant to the particular industry and the particular problem. Copies of these documents will be given to the appropriate representatives of the plant visited for use by the plant technicians and managers in addressing plant-specific problems. Additional copies will be provided to the national authority concerned with industry and pollution control where, along with other general documents on industrial pollution control policy and appropriate technology, they will form the nucleus of a national environmental library.

Project costs will be shared approximately equally by AID and the cooperating companies of the IEF. Project inputs funded by AID include funding for information dissemination and travel, per diem, and administrative support of the corporate volunteers, at a cost of approximately \$0.7 million. The salaries, benefits, and home office support of the technical experts will be contributed in-kind by the cooperating U.S. private sector companies. The estimated value of this contribution is \$0.7 million. Contact with the host country participants will be provided by the USAID Mission Environmental Officer; the Embassy Environmental Affairs Officer, Commercial, or Labor Attache; or other Mission/Embassy personnel designated as the project liaison officer. In-country support services such as transportation and interpreters will be provided by the host country participants.

Project outputs include technical assistance, technical reports, in-country seminars, and national and industry environmental libraries. It is assumed that many, if not all, of the technical assistance visits and reports will result in changes in plant operation and maintenance procedures or in investment in pollution control equipment or technology. Thus, an indirect output of the project may be the improvement of the environment in and around the target plants.

The initial focus of the project will be in Tunisia where contacts have already been made and where need and host country cooperation are both high. As the program develops activities will be expanded to other countries as needs are identified. Preliminary expressions of interest have already been received from the Ministry of Municipal, Rural, and Environmental Affairs, Kingdom of Jordan and from the Undersecretariat for Environment, Office of the Prime Minister, Republic of Turkey.

Activities in Tunisia will take place primarily in the public sector. Industry is predominantly under government control although there is some privately owned industry and some mixed enterprise. Most heavy industry, where the most serious industrial pollution problems occur, however, is government owned. Private industry concentrates on light manufacturing and construction.

In contrast, the industrial sector in Jordan is predominantly privately owned and operated and the government maintains a general policy of laissez-faire. Exceptions to this rule are the petroleum refinery and the power plants. In addition, the government participates in areas that are too large for the private sector to undertake alone due to financing or market constraints. This participation ranges from 3 to 86 per cent with the average level of participation being 25 per cent. Beneficiaries in Jordan are all expected to be within the private sector.

Following up on previous requests for technical assistance in industrial pollution control from the Minister of Municipal, Rural and Environmental Affairs, activities in Jordan will concentrate on two identified priority areas, Wadi Zarqa and the Gulf of Aqaba. Industrial

discharge into the Wadi Zarqa is considered the major industrial pollution problem in Jordan. The Wadi Zarqa feeds the reservoir of the King Talal Dam which is a primary source of water for urban Jordan. Insufficient water has been identified as "the most important constraint to Jordan's national development aspirations and plans." (CDSS for Jordan, Annex III, Water Sector Paper, January 1982). High levels of industrial pollution at the King Talal Dam have rendered the water unsuitable for domestic use to date. Protection and rehabilitation of this water supply is critical for sustained development in Jordan, especially that of Amman.

The second major industrial pollution problem in Jordan occurs at the phosphate processing and loading facilities in Aqaba where phosphate losses into the air and water reach as high as 15% of total production. Phosphates released into the Gulf of Aqaba are rapidly destroying the fragile aquatic environment which features some of the most northerly coral reefs in the world and are endangering a rapidly developing marine-based tourist industry.

Activities in Turkey are expected to build on the interest that has been generated in part by the Environmental Problems Foundation of Turkey, a Turkish private voluntary organization which has recently produced the "Environmental Profile of Turkey". The Turkish government is currently conducting an environment and natural resources inventory and has already developed a list of twelve high priority industrial pollution problems, chiefly in the Izmit Bay area. There has been considerable interest on the part of the government of Turkey in establishing industrial pollution reference centers for use by government, industry, and universities.

Turkey's industrial sector is mixed with contributions to GNP from the private and the public sectors being approximately equal. Recent Five Year Plans have called for the gradual release of public sector industry into private hands. In addition, the Plans emphasize stimulating private sector investment in manufacturing. Progress has been made in this area and the private sector's share of manufacturing is expected to continue to rise. Project beneficiaries in Turkey will include both public and private sector industries in representative proportions. The strong control that the Turkish government exercises over both public and private sector industry and the interest it has in pollution control suggest that technical reports on specific pollution problems will be translated into concrete investments in control technology and procedures.

#### F. Project Implementation

##### 1. Technical Assistance

Project activities will begin in Tunisia. Under the industrial pollution subproject (#664-0300.5) a list of the major industrial pollution problems in Tunisia has been developed and the most urgent of them have been put into priority order. Under PD&S funding the WEC fielded IEF members to examine four of the highest priority problems: the yeast plant at Beja, the Kraft paper mill at Kasserine, and the tanneries at Tunis and Manouba. The final report of these activities will be sent to all Near East region Missions that have expressed interest in participating in the program. In each of these countries the designated project liaison officer will contact the appropriate industry and government representatives to explain the services available under the project. Once the initial contact has been made by the project liaison officer the WEC will be informed and will be responsible for further action. In cooperation with the identified host country representatives the WEC will establish what problems exist and what the

priorities are for addressing these problems. Visits will be made by a WEC staff member or designee for an initial examination of the problem sites and to confirm and finalize the priorities established. A tentative timetable for technical assistance will then be developed with the responsible industry and government representatives. AID/W and the Mission or Embassy project liaison officer will approve the priority listing and the tentative timetable for assistance. Care will be taken to ensure that private sector firms are adequately represented on the list. Additional criteria for site selection will include severity of the problem, amenability of the problem to solution, size of the population affected, and host country priorities.

The technical requirements for each identified site of industrial pollution will be determined and the WEC will match these requirements with the expertise available from the cooperating companies. A volunteer technical expert will be identified and his qualifications submitted for approval to the manager of the plant to be visited and to government officials, where appropriate. Once the expert has been approved, travel arrangements will be made by WEC. Information copies of all correspondence concerning the project will be sent to USAID and to AID/W. The WEC will be responsible for briefing the expert before his departure and for providing him with the necessary background documents prior to his departure including a detailed scope of work, site-specific information, country environmental assessments, relevant host country legal requirements, experts' reports from other visits, and any other material that experience shows to be useful for successful completion of the task.

In-country logistic support will be provided by the plant to be visited. In exceptional cases where this support is not available the Mission or Embassy may be asked to furnish it. Where no other option is possible, use of contingency funds is authorized for vehicle rental.

The details of each expert's visit will vary according to the nature of the specific task identified for him. In general, however, each visit will last approximately two weeks. It is assumed that, in addition to the two weeks spent in-country, the expert will need to devote two days before departure to preparation for his assignment and four days upon return to the U.S. to report writing. Experience has shown that an additional two days of staff time of the cooperating company will be devoted to an in-house review of the expert's report and field experiences.

It may be requested by the host country participants that the expert visit more than one plant during his visit. Where time and technical considerations allow this request will be honored. Where similar problems exist in a specific industry consideration will also be given to having the expert visit plants in more than one country. This is again subject to time constraints and technical considerations.

On arrival in the host country, the expert will discuss the problem and the mitigation targets with the plant managers or owners and the officials responsible for industry. These discussions will be followed by a site inspection at the target plant or plants. A preliminary report on the problem and alternatives for resolution will be prepared and presented to all concerned parties in a seminar. If requested by the host country participants, the expert will also include in the seminar a presentation on a selected topic, such as the problem of industrial pollution in general, the international implications of local pollution, regulatory procedures in the U.S., state of the art in control technology, considerations in factory design vs. retrofitting techniques, or other topics of particular interest to the

seminar participants. Upon return to the U.S. the expert will prepare a final technical report for submission to plant officials, the host country government, USAID, AID/W, and WEC.

## 2. Environmental Libraries

In addition to the experts' reports, the host country will receive materials for the establishment of a core library on industrial pollution control. Technical guidelines and regulations on all relevant industries as well as general texts and trade brochures on pollution control will be included in a central library at the host country office concerned with industry. Materials on specific industries will be provided to each plant visited under the project for their own use. Selected cost free materials will be provided to the project by U.S. Government agencies and international organizations under existing support agreements. Other materials will be identified by WEC and the IEF experts and purchased by WEC with project funds. The plant's library will consist chiefly of technical materials on control technology and alternatives available for response to specific regulatory guidelines. The national library will serve as a source of information for use in the development, implementation, or reform of national pollution control laws and procedures and will include both technical and policy-oriented materials.

## 3. Information Dissemination

Dissemination of information about the project to potential participating countries and potential cooperating companies will be a continuing activity over the life of the project. Funds will be provided to the WEC for domestic travel to visit U.S. private sector firms who are interested in participating. Brochures will be printed for distribution to the U.S. and host country private sectors describing project activities and inviting participation. Three video tapes or slide shows will be made. The first will be for promotion of project participation; the second, for presentation of project activities; and the third, as a record of project accomplishments. These audio-visual materials will serve multiple purposes. Their primary purpose will be for project promotion within the U.S. private sector and the countries of the Near East region. In addition, distribution of these items to other regions may encourage development of a similar program on a worldwide basis. Finally, they will serve as a public record of AID's accomplishments in involving the private sector in international development.

## 4. Evaluation plan

Informal evaluation of the project process will be an integral part of all activities with procedures adapted as experience dictates. In addition, a formal project evaluation is scheduled for mid CY1984 to provide information for any necessary mid-course corrections in project strategy or activities. A final evaluation is scheduled for late CY1987. An estimated \$25,000 in project funds is budgeted for hiring independent consultants for the two evaluations. It is expected that work on these evaluations will be suitable for subcontracting to an 8(a) firm; WEC will be informed of this expectation and, if necessary, will be assisted in identifying an appropriate 8(a) firm. AID will reserve the right to approve the consultants hired by WEC under this agreement to carry out the evaluations.

The formal evaluations will address the following issues:

- adequacy of WEC administrative procedures;
- adequacy of WEC support of technical consultants, including adequacy of pre-departure briefing and materials;

- responsiveness of technical consultants to the terms of their scopes of work;
- timeliness of consultant visits;
- effectiveness of the technical consultants as perceived by the target industry or host country officials;
- technical adequacy of the consultants' reports;
- level of continuing support for project activities within the corporate community;
- level of continuing host country demand for project services;
- percentage of consultant recommendations implemented and method of financing;
- existence and perceived usefulness of materials provided for the industry and national environmental libraries; and
- effectiveness of project information dissemination.

#### 5. AID project management

Project management responsibilities will rest with the NE Bureau Environmental Coordinator; however, project implementation will be the responsibility of the WEC. A project liaison officer will be designated by AID/W at each Mission or Embassy and he will be responsible for making the initial contact with the host country industry and government representatives. He will also be responsible for transmitting to these officials the disclaimer of liability described in section II,F,5. Once an expression of interest on the part of the host country has been obtained the WEC will travel to the country to establish contact, discuss country needs and priorities, and agree on a tentative timetable for assistance. AID/W and the project liaison officer will be kept informed of all discussions and their outcomes. Consultations with AID/W and the project liaison officer will be held as necessary to insure that project activities are consistent with overall AID strategy for the specific country. AID/W will also review the proposed annual implementation schedule and the annual report and comment or advise as appropriate.

Formal AID involvement in the project activities will be limited to the following:

- initial dissemination of project information to Missions and Embassies and designation of project liaison officers (AID/W);
- initial contact with host country industry and government representatives and transmission of disclaimer (project liaison officer);
- approval of the tentative country timetables for assistance (project liaison officer and AID/W); and
- approval of annual implementation schedules (AID/W).

#### 6. Implementation Schedule

Disbursement of funds: The PP will be signed in September 1982 and funds for the first year's activities will be transferred to WEC at that time. Thereafter, funds will be transferred to WEC in June of each year for the next WEC fiscal year activities. June was chosen to conform to the fiscal calendar of WEC. Prior to transfer of funds the WEC will provide a proposed implementation schedule for the following year.

Consultant trips: Ten consultant trips are planned for (WEC)FY83 and fifteen trips for each (WEC)FY thereafter. Specific destinations will be decided at the beginning of each (WEC)FY. WEC is responsible for all travel arrangements.

Reports: Within three months of the end of each (WEC)FY the WEC will provide an annual report of activities for the previous year. Copies will be provided for AID/W and Near East region USAID Missions or Embassies, where there is no AID representative, as well as to DIU for dissemination outside the Near East region.

Evaluations: Evaluations are scheduled for mid CY84 and for late CY87. WEC will hire independent consultants for the evaluations with funds provided in the project for that purpose. An 8(a) contract is anticipated.

#### 7. Financial Plan

The project is a five-year project with a life-of-project cost to AID of \$731,000. The private sector's in-kind contribution is valued at \$713,589. After project paper approval SER/CM will negotiate a cooperative agreement with the World Environment Center for implementation of project activities.

Funds will be disbursed on an annual basis with continued funding contingent upon the grantee's adequate performance including the quality of the technical assistance provided by the volunteers. The first disbursement of \$162,000 will be made in September 1982. This amount includes funding for all project development activities (including U.S. and N.E. regional travel by WEC, information dissemination, and communication) and for the first year of project activities. Project development funds are included in this disbursement in order to allow the groundwork for project activities to be laid as rapidly as possible and to permit the maximum possible flexibility to WEC for response to expressions of host country interest.

In conformance with the WEC fiscal calendar, funds will be transferred each June for the following year's activities. The expected schedule of disbursements is as follows:

September 1982	\$162,000
June 1983	\$123,000
June 1984	\$143,000
June 1985	\$141,000
June 1986	\$162,000

The project activity completion date is December 1987. A detailed budget is found in Annex 5.

#### 8. Follow-on activities

The technical assistance reports produced by the volunteer experts will outline activities that need to be undertaken to reduce or eliminate the environmental hazards at the target plants. Responsibility for follow-up will rest with the participating country. Some recommendations may require capital investments; others may require changes in operations and maintenance procedures or in managerial and supervisory styles.

The AID private sector strategy encourages support for the development of feasibility reports for investments in the private sector. It assumes once a productive investment had been identified and the necessary preliminary analyses accomplished that financing will be available from other sources to take advantage of promising investment opportunities. AID hopes that, by using its resources to finance preliminary studies, it will encourage other investors to make the relatively less risky investments in the implementation of the recommendations of the studies.

Although no firm commitments have been made as yet, preliminary conversations with Tunisian industrialists indicate that internal financing may be made available for pollution control investments. Alternatively, the

World Bank may consider funding industrial pollution control proposals submitted to them by participating countries.

Recommendations which require no capital investment will need to be pursued through other means. Where operations and maintenance or managerial procedures are involved details of the required remedial actions will be included in the expert's technical report. If necessary, a follow-up visit by the original expert may be considered under the current project. The major responsibility for implementation of the recommendations, however, must remain with the plant and host country officials themselves.

#### G. Project Issues

##### 1. Choice of Cooperative Agreement

AID Handbook 13 and the AID Project Officer's Guidebook outline the distinction between contracts, grants, and cooperative agreements. Since AID is not procuring goods or services through this project, the contract mechanism is not appropriate.

A grant is an assistance instrument that is used when the principal purpose of the relationship between AID and the other party or parties is the transfer of money to the grantee in order to accomplish an AID purpose through support or stimulation of the grantee's own program or project. A grant allows AID to support an organization for the purpose of helping to carry out, improve or expand an activity already sponsored by the organization, so long as it is consonant with the objectives of the Foreign Assistance Act. Under the provisions of a grant, however, the grantee has considerable freedom to pursue its own stated program or project purpose, without substantial involvement by AID during the performance of the proposed activity.

A cooperative agreement is a special type of grant used when AID wishes to support or stimulate the recipient's own program or project. Unlike other types of grants, however, a cooperative agreement provides for some involvement by AID in the program of the grantee. Under a cooperative agreement AID's role is that of a partner, while under a contract it is a procurer of specific goods or services for its own use or benefit.

The proposed relationship between AID and WEC reflects this partnership ideal by drawing on the strengths of each organization. AID's in-country personnel will solicit initial expressions of interest and will act as a point of contact for both the host country private sector and the WEC/IEF participants. The WEC will draw on its extensive contacts within the U.S. private sector and on the interest in international issues it has generated through its International Environment Forum. The host country benefits from this partnership through its access to a cadre of experts with preeminent knowledge and experience in the practical as well as the technical aspects of industrial pollution control.

##### 2. Choice of WEC

The WEC was chosen for this activity since its formal, professional contacts within the corporate community give it unparalleled access to a broad range of U.S. environmental expertise. The professional relationship already established between the WEC and the corporate community via the IEF provides the necessary foundation for the development of the proposed International Environment Service in industrial pollution control.

The IEF, established in 1977 as part of the WEC is the only organization of its kind in the environmental field. The members of the IEF are major multinational corporations such as Anaconda Copper, IBM, Texaco, and Philip Morris which are represented by senior-level, environmental scientists,

most frequently vice-presidents for Environmental Health and Sciences. The Forum meets quarterly for informal discussions of international environmental issues with senior foreign environmental officials.

The project activities are an expansion and improvement of WEC's capacity as an international environmental information service. WEC's longstanding interest in international environment issues and its extensive contacts within the U.S. private sector through the IEF make it the ideal implementing agent for project activities. The WEC has prior experience in this area, having fielded a volunteer corporate expert to Tunisia under Mission funding in May 1982 and under PD&S funding in September 1982. The expansion of its technical assistance activities under this project is a logical next step in the development of the WEC's program.

### 3. Private vs. public sector

Given the nature of the industrial sectors in the countries of the Near East region it is expected that the beneficiaries of this project will include both public and private sector industries. Although the main focus of the project is to utilize the voluntary contributions of the U.S. private sector in the resolution of industrial pollution problems in the Near East region, a second and important aim is to assist the private sectors of the participating countries to become more efficient and productive. In order to address the problem of industrial pollution adequately public sector industries must be included; nevertheless, every effort will be made to ensure that private sector industries are given priority access to the services offered under this project.

Certain guarantees are built into the project process that facilitate indigenous private sector involvement. It will be incumbent upon AID/W and the project liaison officer to insure, in their approval of the proposed assistance timetables for each country, that the private sector is included among the target recipients in proportion to its representation in the industrial sector as a whole. Other factors being equal, a private sector firm will be given precedence over a public sector firm with similar needs. The project liaison officer will be responsible for contacting private sector industry to offer project services and, when requested, for respecting the private sector firm's desire to maintain its independence from the government. Participation of private sector firms will be encouraged and assurances will be given to them of their right to refuse to share with the government the results of the technical assistance they receive. At no time shall communication be required between participating industry representatives and host country government officials nor shall the government be informed of any industry's participation in the program without the permission of the industry involved.

### 4. Unfair competitive advantage of cooperating companies

One result of this project will be that representatives of cooperating companies will have the opportunity to make personal contacts with participating country industrialists. Since personal relationships are so important in Near Eastern business affairs these contacts will give the cooperating companies an advantage in future dealings in the participating countries. Unless there is an equal opportunity for all interested firms to participate in project activities such an advantage could be seen as an unfair competitive edge given to certain companies and financed by the U.S. government. This issue can be resolved by insuring that admission to the roster of cooperating companies is open to all firms with an in-house capability in industrial pollution control and that the choice of experts from

- the roster is not weighted toward specific firms. Every effort will be made to publicize project activities and to invite participation. Small and medium-sized firms will be particularly encouraged to participate. By allowing participation by all firms that have the requisite capability and that are willing to provide the services of their environmental experts on a pro bono basis the project insures that the opportunity for making contacts through the program is equally available to all thus resolving the question of unfair advantage.

#### 5. Corporate participation

The motivation of the cooperating companies for participation in the project is mixed but three aspects predominate. First, executives see this program as an opportunity to provide a highly visible service to the public. In a recent survey that asked which organizations do the most for the protection of the environment, business was rated tenth of ten. (FSI seminar, "Politics and the Global Environment", 1 July 1982). By volunteering time in service to the global environment the corporate community hopes to demonstrate its good will as a corporate citizen.

Second, the cost to the cooperating companies of providing free services to foreign industry is seen as a form of venture capital. The role of personal contacts in Near Eastern business affairs is paramount. By investing the time, expertise, and good will of its staff, the U.S. firms hope to open the door to future business in the host country. This aim is consistent with AID's private sector strategy.

Finally, companies view the experience to be gained by working in the developing countries as a training opportunity for their senior-level staff. The technical experts look forward to the hands-on experience they will gain in situations very different from their normal ones.

It is not expected that the burden on any one company will be very great. There are currently twelve companies that have agreed to cooperate. More are expected to join as the program progresses. Nevertheless, even with the current number of cooperating countries (12), the total number of planned consultant trips (70), and the length of the project (5 years), the average number of experts to be provided per company per year is only slightly more than one. Such a level does not seem excessively burdensome.

#### 6. Liability

The corporate volunteers have requested that, before beginning activities in any country, they be assured of legal protection against any liability arising from their volunteer work. The following disclaimer has been prepared by the Regional Legal Advisor in Tunisia for inclusion in a Memorandum of Understanding describing the program to be signed by the host country participants:

"The technical advice and services provided to the Government of the Republic of Tunisia (Tunisia) and its agents during the period May 1, 1982, through December 31, 1984, by experts from United States institutions working under the sponsorship of the World Environment Center of New York, New York, U.S.A., was and is to be furnished on a free-of-charge basis to Tunisia. As a result, the World Environment Center, the experts provided by it, and their United States institutions hereby disclaim any legal responsibility and liability, whether under the laws of Tunisia, the United States, or any other jurisdiction, vis-a-vis

Tunisia, its agents and its residents for the advice and services provided by such experts (which advice includes explicit and implicit suggestions and the omission of suggestions)."

A similar disclaimer will be sent by WEC to participating USAIDs and Embassies for acceptance by the cognizant industry representatives and host country officials before project activities begin. It is the opinion of GC that unless such a disclaimer is signed by the participating host country participants that it will not be legally binding. It will be the responsibility of the project liaison officer to obtain acceptance of this disclaimer by the host country participants.. (See Annex 6 for correspondence regarding this disclaimer.)

#### 7. Replication of the project in other regions

It is hoped that, should this mechanism for provision of technical assistance in industrial pollution control prove successful, the program can be expanded to other regions of the world. Under this project adequate WEC staff time has been budgeted for the proposed level of activities. Should activities expand to a worldwide scale it may be necessary to provide support for an additional, full-time WEC staffperson. Given the high level of services provided under this project at relatively low cost to AID the added expense would be an effective use of AID's development dollars.

### III. Project Analyses

#### A. Economic Analysis

The economic benefits to be derived from the technical assistance provided under this project are, at this stage, impossible to quantify. Since specific target plants have not yet been identified the level of pollution and the damage it is causing are unknown at this time. The technical assistance will provide recommendations for solution of identified pollution problems but implementation of these recommendations and, thus, the degree of mitigation, is entirely up to the host country. Neither can the health benefits to the labor force and the surrounding population be assessed without knowing which plants are involved, their location, and the populations they affect. Without knowledge of either the initial magnitude of the problem or the eventual change in that magnitude produced by project activities it would be pointless to try to calculate the cost per unit of mitigation or benefit.

The industrial pollution problems addressed under this project will be those identified by participating countries as their most serious and of highest priority. Were services not available under this project, technical assistance would eventually be required for the design of solutions to these problems. This project offers a cost-effective means of providing such assistance. The cost of technical assistance generally includes salary, travel, and per diem, with salary representing almost 60% of the total. (See Annex 5, Detailed Budget, for estimated costs). Since technical experts under this project will be volunteering their time, the average cost of an expert's visit under this project, is only 40% of what it would be were it procured through standard channels. Even if project development costs and overhead are included, the cost of an expert's visit under the project is still only 50% of its cost if procured through standard channels.

The establishment of business contacts in the Near East region is an additional benefit accruing to the participating companies. The cost to the companies of establishing such contacts is reduced by the cost of travel and per diem, which will be supported by AID funding. In addition to the lower cost of establishing contacts the "quality" of the contacts made is

higher; the good will gained through the donation of professional time adds immeasurably to the relationship between the participating company and the host country industrialists. The experience the technical experts gain through their consultations and site visits will give them an insider's knowledge of the business and industrial settings and practices in the host country which will enhance their ability in the future to identify opportunities for investment or for joint ventures.

#### B. Social Analysis

One cannot make a case for the social utility of technical assistance reports without taking into account the end which the studies are intended to serve. The technical assistance provided under this project is expected to lead to investment in physical equipment or in changes in managerial or supervisory procedures that will result in the amelioration of the environment surrounding the target plants and/or in an improvement in the workplace within the plants themselves. The beneficiaries of these activities will be the populations of the target industrial areas and the workers in the target factories.

Although in general modern air and water pollutants and toxic chemicals are less prevalent in developing countries than in developed countries, the problems of industrial pollution are no less threatening to the health and well-being of the segments of the population that are exposed. The overall level of pollution may be less but the effects of pollution are often more concentrated as a result of implicit or explicit government policies concerning factory design, location, and operation. In addition, even where legal standards for pollution exist, due to a desire not to hamper or to appear to hamper their country's economic development, "governments are often reluctant to apply strong antipollution standards to industries. Thus around industrial centers that do exist pollution is often severe, harming people and productive ecosystems alike. Workplace health hazards . . . are poorly regulated in most of the Third World." (Erik Eckholm, Down to Earth: Environment and Human Needs, London: W. W. Norton & Co., 1982, p. 9). In Tunisia, for example, recent economic growth has been attributable largely to an expanding industrial capacity, much of which is concentrated in a limited number of localities. Inadequate design and inefficient operation permit a considerable release of pollutants into the environment. Existing laws requiring pretreatment of industrial wastes are generally not enforced due to a lack of information on levels and effects of pollutants in specific areas and to a shortage of trained personnel. In several locations industrial pollution is a serious hazard to human health and to the stability of the ecosystem from which the population must derive its livelihood. (I. t. Wallen, "Industrial Pollution Control in Tunisia," mimeo, 30 April 1982).

The situation in many Near East region countries is like that of Tunisia. The populations in and around the industrial zones pay a high price for their country's economic development. The industrialization that brings expanded employment opportunities, increased exports, and greater demand for locally-produced raw materials also brings health problems and environmental degradation to the local population. By providing the technical assistance necessary to alleviate much of this burden this project will contribute to a better quality of life for the affected populations.

C. Environmental Impact

This project is exempted from environmental review under the provisions of 22 CFR 216.2(c) Categorical Exclusions(2)(i); "AID Environmental Procedures". It is expected that this project will lead directly to activities that will have a beneficial effect on the environment.

CURRENT INTERNATIONAL ENVIRONMENT FORUM MEMBERS

Anaconda Copper, Inc.  
AMAX Inc.  
Atlantic Richfield Company  
Celanese Corporation  
E.I. duPont de Nemours & Company  
EG & G, Inc.  
The Edison Electric Institute  
Engelhard Industries  
Exxon Corporation  
Fluor Engineers & Constructors, Inc.  
General Electric Company  
W.R. Grace & Company  
Hooker Chemicals & Plastics Corporation  
IBM Corporation  
Koppers Company, Inc.  
Mobil Corporation  
NL Chemicals/NL Industries, Inc.  
Occidental Oil and Gas Company  
Owens-Corning Fiberglass Corp.  
Petro-Canada  
Philip Morris U.S.A.  
The Procter & Gamble Company  
Standard Oil Company (Indiana)  
Tenneco, Inc.  
Texaco, Inc.  
3M Company  
Union Carbide Corporation  
Union Oil of California  
Westvaco Corporation

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# WORLD ENVIRONMENT CENTER

505 THIRD AVENUE - 17TH FLOOR, NEW YORK, NY 10158. (212)986-7200. CABLE ADDRESS: ENVIRCCENT NEWYORK

INTERNATIONAL ENVIRONMENT & DEVELOPMENT SERVICE

(Working Title)

A Project of

WORLD ENVIRONMENT CENTER

and the

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

March 17, 1982

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INTERNATIONAL ENVIRONMENT & DEVELOPMENT SERVICE  
(Working Title)

Background

As Third World countries move towards industrialization and urbanization, they find they must pay an unanticipated price: industrial pollution. Obsolete equipment, technology which fails to take environmental considerations into account, burgeoning population with its pressures on meager infrastructure -- all adversely affect human health and the environment. And even though many of these countries and their private sectors desire to deal with these problems, they have neither the capability to analyze nor the resources to cope with them.

For example, in such industries as mining, metal processing, tanning, chemical manufacturing, textile production, a range of pollutants and toxic substances are produced that are not only harmful to human health but can degrade agricultural and forest land, water resources and air quality. At present time, such industries have few places to turn for advice and assistance.

Aware of this need, the non-profit, non-advocacy World Environment Center approached the U.S. Agency for International Development\* early in 1981 with a proposal to explore jointly whether the U.S. private sector could provide this analytical capability. The Center felt that private industry as the largest repository of environmental technology and know-how in the United States, if not, indeed, the world, might be willing to make its skills available to Third World countries through AID--as a public service.

Furthermore, such a proposal would be in line with President Reagan's policy of involving the private sector in AID projects. In early 1981, to advance this new policy, AID Administrator M. Peter McPherson established a Bureau for Private Enterprise within the Agency.

The Center organized a meeting in Washington in July, 1981, with AID environment officials and corporate members of International Environment Forum. The Forum is the Center's seminar program on international environmental issues for multi-national corporations. The meeting, held at the State Department, sought to determine how the private sector could make its expertise available to industries in developing countries in a direct and cost-effective manner.

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\*The Agency for International Development administers most of the foreign economic assistance programs of the U.S. government. It operates from headquarters in Washington through field missions or representatives in 58 countries in Africa, Asia, Latin America and the Near East.

The purpose of AID is to help people in the Third World acquire the knowledge and resources to build the economic, political and social institutions necessary for a better life. Such assistance, regarded as a tool of U.S. foreign policy, is essential to the economic and security interests of the United States." 10

(From Facts about A.I.D. published by the Public Affairs Office, AID.)

- 2 -

In discussions with Forum members, it was apparent that many members were interested in participating in the project but required additional information. Consequently, the Center continued talks with AID. In January, 1981, the Center and AID came to an agreement in principle on the nature of the project and the structure of the operation that would channel to developing countries private sector services related to environmental management.

### The Service

- The World Environment Center would administer the Service. Through its industry program - International Environment Forum - it would establish an inventory of cooperating companies and the technical services they are prepared to offer.
- The governments of recipient countries would have to request assistance through the United States embassy in each country. They would provide a detailed catalogue of problem industries/plants and a list of priorities.
- Cooperating companies would be invited to make specialists available for periods of one to three weeks to diagnose environmental problems and then recommend remedial action to local industries or national authorities. Their role would be analogous to that of a physician who examines the patient, makes a diagnosis and writes a prescription.
- Travel costs and per diem expenses of the specialist would be borne by the Center/AID. Local support services would be provided either by the U.S. embassy, the Center/AID, or the local government.
- A review committee of Forum members and/or a group of experts organized by the Center would examine the assistance requests and match them with the proffered services. Care would be taken to avoid conflicts of interest.
- Cooperating companies would be expected to make available their experts without charge to the project. There would be no additional costs.

### Why U.S. Industry should participate in this project

The Environmental Reasons - The U.S. private sector, which has done so much to improve environmental quality in America, can contribute -- on a nuts and bolts level -- to environmental quality in other countries just going down the road to industrialization. U.S. knowhow can help these countries profit by the U.S. experience to rectify existing problems and avoid future costly mistakes. This is corporate responsibility at the highest level.

The Economic Reasons - By providing analysis and recommendations for action, companies may be opening up new markets for their services. Governments and industries in the Third World may very well call on companies to follow up on the recommendations, providing the technology and the processes to deal with the problems they have diagnosed. Furthermore, once entry has been obtained, the open door may lead to favorable new investment opportunities.

The Political Reasons - There has been--and still is--deep mistrust of multi-national companies, especially U.S. companies, among Third World leadership. This apprehension is based largely on the erroneous notion that these companies are exploitive, have little commitment to balanced economic development, and even less to advancing the well-being of the people.

Companies that make available skilled staff gratis to help industry in Third World countries manage their environmental and resource problems are projecting an image of good-will, concern and valuable service. When appropriately publicized, this generous action can only help the image of multi-national and have a beneficial effect on relations with Third World governments. This can also have positive impact on public attitudes in the United States.

The service will operate for an initial two-year period. This will be followed by an evaluation to determine whether it has achieved its goals. It is expected that the contractual arrangements with AID will be sufficiently flexible to permit changes that become necessary.

The project will include an educational component: several case studies will be filmed for showing to industry executives in the United States and to environmental and planning officials in the Third World.

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International Environment Service  
Project Development History

After the inauguration of President Reagan in January, 1981, the U.S. Agency for International Development received a mandate to draw on the resources of the private sector in planning and implementing its programs. The World Environment Center saw in this new policy the opportunity to involve the corporate members of one of its programs, International Environment Forum, in AID's environmental projects, possibly by providing technical assistance on a pro bono basis.

Discussions and meetings with AID officials in Washington during April and May and a brief meeting with Mr. M. Peter McPherson in June, encouraged the Center to pursue this project. Furthermore, discussions with Forum members led the Center to believe that there was indeed interest in some kind of relationship with AID in the private sector.

On June 11, 1981, Center president Whitman Bassow wrote the Administrator suggesting a meeting to explore the possibility of private sector involvement with AID. Albert C. Printz, Jr., Environmental Affairs Coordinator, responded and invited the Center to arrange a meeting between AID officials and representatives of corporate members of the Forum.

Such a meeting was held on July 22, 1981, at the State Department. Present were representatives of 12 corporations including Texaco, Exxon, Tenneco, General Mills, General Motors and W.R. Grace. On the AID side were 11 officials representing the various regional bureaus and the Bureau for Private Enterprise. Others present included Dr. James A. Lee, director of the Office of Environmental Affairs, the World Bank, and Wilson Binger, president of the International Federation of Consulting Engineers.

As a result of the meeting and further discussions with Forum members, a concept of the project evolved. There was general agreement that industries in developing countries desperately needed technical assistance to deal with the nuts and bolts problems of pollution, that there was little or no indigenous capability to deal with these problems, and that the U.S. private sector had this capability and was willing to furnish the necessary assistance as a public service.

A number of Center Board members, such as Arthur Reef, senior vice president of AMAX and W.J. Haun, vice president of General Mills, also discussed the project with AID officials.

In February 1982, Dr. Bassow met for two days in Washington with AID officials. The outlines of the project were sketched in meetings with Stephen Lintner of the Near East Bureau and Mr. Printz. Subsequently, the Center submitted the relevant legal documents to AID (certificate of incorporation, by-laws, Board of Directors, IRS letter of determination).

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In the meantime, the Center arranged for Mr. Lintner and Dr. Irvin Wallen, AID technical advisor, to address a meeting of International Environment Forum in New York to explain the project. Dr. Wallen had just returned from Tunisia and was able to give a first hand account of his site visits and discussions with Tunisian officials. Present at the meeting were representatives of 21 corporations. Within a few days, the Center received commitments from seven companies to participate in the project. (Texaco, Tenneco, Koppers, EG&G, General Mills, Dow Chemical, 3M).

In May, at the request of AID, the Center sent an expert to Tunisia volunteered by Tenneco to inspect a yeast factory and a paper mill with waste water effluent problems. The Center was able to do this in 11 days. Lee Patterson, Manager, Environmental Affairs-Engineering, spent seven days in Tunisia. His report has been submitted to the Center and transmitted to AID/W, USAID/Tunis, the GOT, and plant officials.

In early June, Dr. Bassow continued to promote the project among Forum members. He arranged for Mr. Patterson to brief members at a meeting of the Forum on June 15th. Dr. Bassow spent June 2/3 in Washington with AID officials, including Mrs. Antoinette Ford, Assistant Administrator, Near East Bureau, to discuss details of the project and to design a five-year program. Based on these discussions PD&S funding was made available to the Center for pilot activities in Tunisia in preparation for development of the project paper. The results of the pilot activities were incorporated into the PP design.

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Cooperating Companies  
(as of August 16, 1982)

Dow Chemical  
EG & G  
Koppers  
General Mills  
Minnesota Mining and Manufacturing  
Tenneco, Inc.  
Texaco, Inc.  
3M Corporation

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Detailed Budget: Private Sector Initiatives in Industrial Pollution Control (#298-0174)

						<u>SUBTOTALS</u>		<u>TOTAL</u>
						AID Contribution	Private Sector Contribution	
<b>I. Project Development</b>	<b>FY82</b>							
A. Travel								
1. US	6460	3600	2400	2640	2880	17980	-	
2. Near East	2920	9600	10440	3860	4240	31060	-	
B. Information								
1. Printing	2500	1500	1000	1000	1000	7000	-	
2. Audio-visual	2500	2500	-	2500	-	7500	-	
C. Communication	2000	2500	2500	3000	3000	13000	-	
<b>II. Project Activities</b>		<b>FY83</b>	<b>FY84</b>	<b>FY85</b>	<b>FY86</b>			
A. Experts								
1. Travel/Per Diem	36400	60000	65400	72300	79200	313300	-	
2. Salaries	53640	88560	97470	107190	117990	-	464850	
3. Benefits	18774	30996	34115	37517	41297	-	162699	
B. Library Materials	2000	2200	2400	2600	-	9200	-	
<b>III. Support</b>								
A. Salaries								
1. WEC director	13500	14340	15180	16080	17040	76140	-	
2. WEC admin. asst.	4800	5100	5400	5700	6060	27060	-	
B. Overhead								
1. WEC (35%)	20923	31290	32249	33740	34762	152964	-	
2. Private Sector	9900	16470	18090	19710	21870	-	86040	
C. Translation	5000	7500	8000	8500	9000	38000	-	
D. Contingency	2837	2570	2371	2080	2938	12796	-	
<b>IV. Evaluation</b>	-	-	12000	-	13000	25000	-	
<b>SUBTOTALS:</b>								
AID	162000	123000	143000	141000	162000			
Private Sector	82314	136026	149675	164417	181157			
<b>TOTAL</b>	<b>244314</b>	<b>259026</b>	<b>292675</b>	<b>305417</b>	<b>343157</b>	<b>731000</b>	<b>713589</b>	<b>1444589</b>
						<b>(51%)</b>	<b>(49%)</b>	<b>(100%)</b>
<b>Date of transfer of funds to WEC</b>	<b>9/82</b>	<b>6/83</b>	<b>6/84</b>	<b>6/85</b>	<b>6/86</b>			



## UNITED STATES OF AMERICA

## AID Mission to Tunisia

c o American Embassy

Tunis, Tunisia

June 25, 1982

Mr. Stephen F. Lintner  
 NE/PD  
 Room 4720 N.S.  
 Agency for International Development  
 Washington, D. C. 20523

Re: Release for Environmental  
 Advisors to Tunisia

Dear Stava:

We have had some brief discussions with the Ministry of National Economy concerning their execution of a general release with respect to the assistance of the environmental advisors provided through the World Environment Center.

Professor Taubenzfeld presented the enclosed draft release (which I had prepared) to Mr. Bel Gaid about ten days ago. The Tunisians were unwilling to sign such a document, evidently for bureaucratic more than substantive reasons. Also, the idea that the GOT might initiate litigation against the advisors is a foreign concept to the Ministry so they do not really see the need for a release.

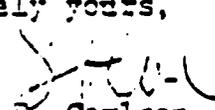
I was of the opinion that the general, one-time release was the most we could obtain from the GOT, and it now appears that we should try another approach.

Mr. Bel Gaid has suggested that the individual advisors simply provide a disclaimer to the GOT. They might each deliver a written statement upon their arrival prepared by their own lawyers (or perhaps one statement by WEC would be adequate).

If you believe it is preferable, we could try again with the release or some other technique.

Please keep me advised.

Sincerely yours,

  
 Steven E. Carlson  
 Regional Legal Advisor

Enclosure:  
 Draft Release

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UNCLASSIFIED  
Department of State

OUTGOING  
TELEGRAM

PAGE 01  
ORIGIN AID-35

STATE 189984

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-----Annex-----  
ORIGIN OFFICE NEPD-04  
INFO NEPD-02 NETC-04 NENA-03 PACE-01 PDEM-01 POPR-01 PPPB-03  
GC-01 GCFL-01 GCNE-01 RELO-01 MAST-01 3H-00 0-01  
023 AS

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DRAFTED BY AID/NE/PO: BARBARA J. ORMOND  
APPROVED BY AID/NE/PO: SATAUSENBLATT  
AID/NE/TECH/HRST. C. COLEMAN: INFO  
AID/NE/PO. RBELL  
AID/NE/NEA/T. K. TEEL: INFO  
AID/NE/BC. G. DAVIDSON: INFO  
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TO AMEMBASSY TUNIS

UNCLAS STATE 189984

AIDAC

E. O. 12065: N/A

TAGS:  
SUBJECT INDUSTRIAL POLLUTION CONTROL RELEASE FOR CORPORATE  
ENVIRONMENTAL ADVISORS

REF LETTER CARLSON-LINTNER 25 JUNE 1982

1. FOR STEVEN CARLSON, REGIONAL LEGAL ADVISOR
2. REFLETTER STATES DRAFT RELEASE FOR ENVIRONMENTAL ADVISORS TO TUNISIA IS UNACCEPTABLE TO GOT OFFICIALS ALTHOUGH NOT FOR SUBSTANTIVE REASONS. SUGGEST CARLSON MEET WITH RESPONSIBLE GOT OFFICIALS TO DETERMINE WHAT TYPE OF DOCUMENT AND/OR SPECIFIC WORDING THEY WOULD BE WILLING TO SIGN. EITHER A ONE-TIME RELEASE OR A SPECIFIC RELEASE FOR EACH ADVISOR WOULD BE ACCEPTABLE ALTHOUGH ONE-TIME RELEASE IS PREFERABLE. IF AND WHEN AGREEMENT IS REACHED ON SUCH A RELEASE REQUEST COPY BE SENT TO LINTNER, NE/PO.
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PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT WILL NOT BE RETAINED OR SUBMITTED.)

Life of Project: \_\_\_\_\_  
From FY \_\_\_\_\_ to FY \_\_\_\_\_  
Total U.S. Funding: \_\_\_\_\_  
Date Prepared: \_\_\_\_\_

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Project Title & Number: \_\_\_\_\_

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS	PAGE 1
Program or Sector Goal: The broader objective to which this project contributes: (A-1)	Measures of Goal Achievement: (A-2) /	(A-3)	Assumptions for achieving goal targets: (A-4)	
<p>Decreased environmental degradation from industrial pollution; Improved health and quality of life for industrial zone residents; Increased private sector cooperation between the U.S. and the participating countries.</p>	<p>1. No of industrial pollution mitigation schemes implemented; 2. No. of U.S. private sector cooperating companies with continuing business relationships in the participating countries</p>	<p>1. Project evaluation reports 2. Cooperating company interviews and World Environment Center annual reports of International Environment Forum member activities</p>	<p>Technical assistance reports will encourage investment in pollution control; Reduced industrial pollution will improve the health and quality of life of industrial zone residents; Initial professional contact between U.S. and host country private sectors will facilitate continuing relationships</p>	

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project: \_\_\_\_\_  
From FY \_\_\_\_\_ to FY \_\_\_\_\_  
Total U.S. Funding \_\_\_\_\_  
Date Prepared: \_\_\_\_\_

Project Title & Number: \_\_\_\_\_

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose: (B-1)</p> <p>To establish a mechanism for the transfer of U.S. expertise in industrial pollution control to the industrial sectors of the participating countries.</p> <p>To enhance the capability of the World Environment Center as an international environment information service.</p>	<p>Conditions that will indicate purpose has been achieved: End-of-Project status. (D-2)</p> <ol style="list-style-type: none"> <li>1. Host countries making industrial pollution control decisions based on technical reports.</li> <li>2. Increased host country investment in industrial pollution control;</li> <li>3. World Environment Center's International Environment Service fully functioning</li> </ol>	<p>(B-3)</p> <ol style="list-style-type: none"> <li>1. Project evaluation reports</li> <li>2. Project evaluation reports and national industrial authority office reports.</li> <li>3. World Environment Center annual reports and project evaluation reports. Interviews.</li> </ol>	<p>Assumptions for achieving purpose: (D-4)</p> <ol style="list-style-type: none"> <li>1. World Environment Center's administrative structure is capable of implementing the proposed activities.</li> <li>2. Lack of resources is the constraining factor in the development of an International Environment Service.</li> </ol>

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PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project: Annex 7  
From FY \_\_\_\_\_ to FY \_\_\_\_\_  
Total U.S. Funding \_\_\_\_\_  
Date Prepared: \_\_\_\_\_

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Project Title & Number: \_\_\_\_\_

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Outputs: (C-1)</p> <ol style="list-style-type: none"> <li>1. Technical assistance to host country industry in industrial pollution control</li> <li>2. Technical reports on mitigation of specific industrial pollution problems</li> <li>3. In-country seminars on industrial pollution control</li> <li>4. National environmental libraries</li> <li>5. Industry environmental libraries</li> </ol>	<p>Magnitude of Outputs: (C-2)</p> <ol style="list-style-type: none"> <li>1. 70 technical assistance trips made</li> <li>2. 70-140 technical reports produced</li> <li>3. 70-140 in-country seminars on industrial pollution held</li> <li>4. 6 national environmental libraries established</li> <li>5. 70-140 industry environmental libraries established</li> </ol>	<p>(C-3):</p> <ol style="list-style-type: none"> <li>1. World Environment Center annual reports</li> <li>2. Technical reports</li> <li>3. Project evaluation reports</li> <li>4. Project evaluation reports</li> <li>5. Project evaluation reports</li> </ol>	<p>PAGE 3</p> <p>Assumptions for achieving outputs: (C-4)</p> <ol style="list-style-type: none"> <li>1. Appropriate technical experts can be identified from among the staffs of the cooperating companies;</li> <li>2. Corporate volunteers are capable of giving high quality technical assistance, producing reports and presenting seminars;</li> </ol>

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Project Title & Number: \_\_\_\_\_

Life of Project: \_\_\_\_\_  
From FY \_\_\_\_\_ to FY \_\_\_\_\_  
Total U.S. Funding \_\_\_\_\_  
Date Prepared: \_\_\_\_\_

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Inputs: (D-1)</p> <p>AID: Funding for travel, per diem, information and communication, and overhead for WEC. Private Sector: In-kind contribution of salaries, home office support, and overhead.</p>	<p>Implementation Target (Type and Quantity) (D-2)</p> <p>Funds to support inputs transferred to the World Environment Center each WEC(FY)</p>	<p>(D-3)</p> <p>Controller records</p>	<p>Assumptions for providing inputs: (D-4)</p> <p>1. Continued funding is available; U.S. private sector support of the program continues.</p>

5C(2) PROJECT CHECKLIST

ANNEX 8

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only:  
B. 1. applies to all projects funded with Development Assistance Funds,  
B. 2. applies to projects funded with Development Assistance Loans, and  
B. 3. applies to projects funded from ESF.

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

A. GENERAL CRITERIA FOR PROJECT:

1. FY 1982 Appropriate Act Sec. 523; FAA Sec. 034A; 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 amount)?

(a) Congress shall be notified in accordance with regular agency procedures.

(b) The intended obligation is within the level of funds appropriated for the Near East Bureau.

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000 will there be:

- (a) engineering, financial or other plans necessary to carry out the assistance and  
(b) a reasonably firm estimate of the cost to the U.S. of the assistance?
- (a) Yes  
(b) Yes
3. FAA Sec. 611(a)(2). If 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 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.) N.A.
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 Assistance Administrator taken into consideration the country's capability effectively to maintain and utilize the project? N.A.

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6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.

The project will be implemented as a regional project. It is not susceptible to execution as part of a multilateral project.

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; and (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

- (a) N.A.
- (b) Project will contribute to more efficient operation of the private sector.
- (c) No direct encouragement is provided.
- (d) N.A.
- (e) Project will provide technical assistance to industry.
- (f) N.A.

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

U.S. private sector corporations will provide the technical assistance under this project on a pro bono basis.

9. FAA Sec. 612(b), 636(h); FY 1982 appropriation Act Sec. 507. 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. N.A.
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? N.A.
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.
12. FY 1982 Appropriation 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. procedures of the same, similar or competing commodity? N.A.
13. FAA 118(c) and (d) Does the project comply with the environmental procedures set forth in AID Regulation 16? Yes. Components of this project are exempt under AID Reg. 16. See Section III.C. in Project Paper.

Does the project or program take into consideration the problem of the destruction of tropical forests?

N.A.

14. FAA 121(d). If a Sahel Project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)?

N.A.

B. FUNDING CRITERIA FOR PROJECT

I. Development Assistance Project Criteria

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

N.A.

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(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?

b. FAA Sec. 103, 103A, 104 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?

c. FAA Sec. 107. Is emphasis 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 is the latter cost-sharing requirement being 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"? (M.O. 1232.1) defined a capital project as "the construction, expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than \$100,000, including related advisory, managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character."

f. 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?

g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilize 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.

2. Development Assistance  
Project Criteria (Loans  
Only).

N.A.

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

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?

c. ISDCA of 1981, Sec. 724 (c) and (d). If for Nicaragua, does the loan agreement require that the funds be used to the maximum extent possible for the private sector? Does the project provide for monitoring under FAA Sec. 624(g)?

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3. Economic Support Fund Project Criteria.

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

Project will contribute to economic and political stability and reflect Section 102 policy directions.

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

No.

c. FAA Sec. 534. Will ESF funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives?

No.

d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

N.A.

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5C(3) - STANDARD ITEM CHECKLIST

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

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

A. PROCUREMENT

- 1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes, as per AID standards.
  
- 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 marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? N.A.
  
- 4. FAA Sec. 604(e), ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be financed, is No such procurement is planned.

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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.).

5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one of these areas? N.A.
6. FAA Sec. 603. Is the shipping excluded from 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? N.A.
7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Federal agencies will be utilized, Yes. All technical assistance will be provided by private enterprise.

are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

8. International Air Transport. 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 services is available? Yes.
9. FY 1982 Appropriation 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.

B. CONSTRUCTION

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used? N.A.
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? N.A.

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3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprise in Egypt that were described in the CP)? N.A.

C. OTHER RESTRICTIONS

1. FAA Sec. 122(b). If development loans, 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. Will arrangements preclude use of financing:

- a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 525:  
(1) To pay for performance of abortions as a method of Yes

family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortion or involuntary sterilization as a means of family planning; (4) to lobby for abortion?

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. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guarantee of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes

f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or adjusted Yes

service compensation for  
military personnel?

g. FY 1982 Appropriation Act, Sec. 505. To pay U.S. arrearages or dues? Yes

h. FY 1982 Appropriation Act Sec. 506. To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending)? Yes

i. FY 1982 Appropriation Act, Sec. 510. To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? Yes

j. FY 1982 Appropriation Act, Sec. 511. 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

k. FY 1982 Appropriation Act, Sec. 515. To be used for publicity or propaganda purposes within U.S. not authorized by Congress? Yes

18 AUG 1982

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, NEAR EAST BUREAU

FROM: Robert H. Bell, NE/PD 

SUBJECT: Project Paper #298-0174, Private Sector Initiatives in Industrial Pollution Control

Attached for your approval is Project Paper #298-0174, Private Sector Initiatives in Industrial Pollution Control.

A Project Review Committee meeting was held on August 6, 1982. Three major issues were identified. The PP has been revised to address these issues.

1. Private versus Public Sector Beneficiaries

Issue: In many countries in the Near East region there is significant public sector involvement in industry. For example, in Tunisia where pilot activities are already underway industry is predominantly publicly controlled. Although the PRC agrees that this project involves the U.S. private sector in the development process in an exciting and innovative way it felt that for this project to be considered a "private sector project", more indigenous private sector involvement would be required.

Proposed Resolution: The PP has been revised to identify more clearly the project beneficiaries and to place greater emphasis on participation of the indigenous private sector. Target recipient selection procedures have been modified to give private sector industries in all countries priority access to project services and to insure that private sector industries are adequately represented among the recipients. Because of the character of the industrial sector and of industrial pollution problems in the Near East region, there will be some public sector industries among the project beneficiaries. Countries that have expressed early interest in participating in project activities range from Tunisia, where industry is predominantly public sector, through Turkey, which has a mixed economy, to Jordan, where industry is predominantly privately owned.

## 2. Host Country Government Participation

Issue: The relationship between government and the private industrial sector is that of a regulator to a regulated body. Although many of the recommendations expected from the technical assistance will be of direct economic benefit to the industries concerned, private industry in the host countries may be reluctant to avail themselves of project services if it is felt that such participation entails the involvement of the government in their operations. Industry may prefer to forego the potential economic benefits in order to avoid the possible regulatory repercussions.

Proposed resolution: Government participation in project activities is limited to receipt of project technical reports and attendance at the debriefing seminars of the corporate volunteer experts. Where private industry is the beneficiary of project services the participation of the government will be at the invitation of or with the permission of that industry. For each technical assistance visit, the industry itself can determine how much or how little government participation is acceptable.

## 3. Participant Training

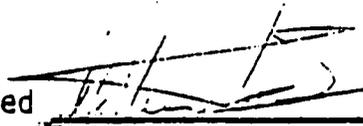
Issue: Site visits to industries with adequate pollution control programs could greatly enhance the host country project participants' understanding of the technical and managerial aspects of industrial pollution control. Host country government officials could benefit from exposure to a functioning regulatory agency, such as a state level U.S. agency. A training component to provide for such participant visits should be included in the project.

Proposed resolution: After project activities have gotten underway serious consideration will be given to amending the project to include a participant training component. Factors influencing the decision whether to fund such a component will include host country enthusiasm for the program, identification of potential sites for the training, and the ability of the World Environment Center to administer the increased level of project activities.

The NEAC has not met to discuss this project but clearances have been obtained from all NEAC members.

Recommendation

It is recommended that funding for project #298-0174, Private Sector Initiatives in Industrial Pollution Control, be approved for \$162,000 in FY82 and for \$731,000 for the life of project.

Approved  Date: 18 AUG 1982

Disapproved \_\_\_\_\_ Date: \_\_\_\_\_

Clearances

NE/TECH, K. Sherper KS Date: 8/18/82  
NE/DP, C. Johnson CJ Date: 8/18/82  
GC/NE, G. Davidson GD Date: 17 Aug 82  
NE/PD, S. Lintner SL Date: 16 August 82  
NE/PD, B. Ormond BO Date: 17 August 82  
Project Review Committee Chairperson