

U N C L A S S I F I E D

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D. C. 20523

PROJECT PAPER

INDIA: Technical Assistance and
Support (386-0515)

August 30, 1988

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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT

NEW DELHI

INDIA

TECHNICAL ASSISTANCE AND SUPPORT

PROJECT PAPER

(385-0515)

DATE: August 30, 1988

UNCLASSIFIED

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UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

NEW DELHI, INDIA

August 30, 1988

ACTION MEMORANDUM TO THE DIRECTOR USAID/INDIA

FROM:

Granam C. Thompson
Granam C. Thompson, PRJ

SUBJECT:

Technical Assistance and Support Project (386-0515)

ACTION: You are requested to approve and authorize a \$15 million grant of Development Assistance funding for the Technical Assistance and Support Project (TASP). It is planned that a total of \$2.2 million of the grant will be obligated in FY 1988.

BACKGROUND: Under the Seventh Five Year Plan (1985-1990), the Government of India has committed itself to effectively utilize technology to spur economic development. The Plan indicates that;

"...the coupling between science and technology infrastructure and capabilities and the production system in the country is weak..."

The Plan also points out that a new Science and Technology (S&T) Development Strategy is needed which emphasizes: (1) the establishment of Research and Development linkages with existing/operating companies, at an early stage in product development; and (2) a more effective utilization of consultants. Under this scenario a goal-directed S&T effort needs to be developed which will utilize existing knowledge and capabilities in India to achieve short-term objectives. This effort has to involve the generation of technologies which are relevant to the Seventh Five Year Plan and beyond. Recognizing these needs and India's strengths, the Plan suggests that India seek international collaboration and use international facilities to increase the involvement of appropriate technologies in such ventures.

According to the Plan voluntary, Non-Government Organizations (NGOs) will play an important role in the application of S&T for social and economic development of rural people. This role will focus on the improvement of the quality of life for women. The Plan envisions that this will come about as a result of enhancing employment opportunities for women through NGO application of new technologies to science and technology.

In order to achieve the economic development objectives of the Seventh Plan and beyond, India will rely upon its substantial base of trained manpower in many scientific, academic, professional, and entrepreneurial endeavors. It also will draw upon its significant basic scientific research capability. Moreover, to achieve quicker adaptation and commercialization of new technologies, India requires an input of foreign expertise to foster technology transfer. This is especially true if India is to succeed in advancing new technologies as the leading edge in its economic development efforts.

DISCUSSION: To insure that these new technologies have an appropriate market and economic orientations, improved relationships and communications are needed among industry, government, academia, and national research institutes. These improved relationships will depend upon, the ability of Indian institutions to access top quality scientists and technical experts from within and outside of India and upon the ability of these institutions to sponsor targeted studies, research activities and pilot programs in various fields, i.e. Science, Telecommunications, Biotechnology, Information Technology and Urban Affairs, etc.

To assist the GOI to accomplish the above, USAID/I proposes to finance the Technical Assistance and Support Project (TASP). The TASP will enable USAID/I to expand its support to appropriate GOI development efforts, within the context of a traditional bilateral project. The goal of TASP is to contribute, in a collaborative manner, towards the strengthening of the GOI's ability to implement its development plans. The purpose of the project is to improve the efficiency, effectiveness and timeliness of the GOI, USAID, and potentially, other donor efforts to: identify; design; implement; and evaluate; development investments for both the Public and Private Sectors.

To achieve this goal and purpose, priority project funding will be provided for those activities that are related to AID's strategic objectives and which both USAID/I & the GOI agree should be funded even though they can not be easily supported thru any of our other existing bilateral projects.

Emphasis will be given to funding innovative pilot efforts which are expected to result in a significant demonstration effect and are likely to lead to the development of larger activities i.e. project proposals. TASP may also support the Indian Private Sector and various PVO activities; Women-In-Development activities; and short-term specialists and/or long-term advisors as requested or concurred in by the GOI.

Supported activities may not, in all instances, be closely or directly linked with the bilateral project portfolio, however all activities funded under the TASP will fall within the USAID/I's broader Country Development Strategy Statement (CDSS).

FAA SECTION 612 (b): When the USAID/I program was re-established in 1978, it was determined that as an exception the India program could provide project funded foreign exchange to finance eligible local cost expenditures as opposed to funding such costs exclusively from U.S. government owned excess Rupees. This determination was reaffirmed during the FY 88 Annual Budget Submission (ABS) reviews in AID/W.

In accordance with past practice, your signature on the attached Project Authorization will provide the required FAA Section 612 (b) certification to use foreign exchange to finance local costs under the subject project.

CONGRESSIONAL NOTIFICATION: A Congressional Notification (CN) was forwarded to the Congress on 7/25/1988 for \$1,000,000. CN expired, without objection on August 10, 1988. We have been advised by AID/W that a Technical Notification is being sent to Congress for \$1.2 million to raise the total FY 88 obligation to \$2.2 million under this TASP Project. An Amendatory Project Agreement will be signed by the Mission subsequent to the expiry of the TN.

CONDITIONS PRECEDENT: The Project Agreement will contain only the standard Conditions Precedent (CPs) to disbursement of funds.

COVENANTS: It is anticipated that the DEA will agree to jointly establish with USAID/I, during the initial six months of project implementation, the procedures and criteria to be used to review and approve activities for TASP funding and that the DEA will agree to be responsible for publicizing within the GOI and in the Indian Private Sector, both the fact that TASP funding is available to fund a variety of studies, etc. and the procedures that have been established for review and approval of proposals.

AUTHORITY: In accordance with Redelegation of Authority Number 552, dated September 1, 1986, the USAID/India Director has been redelegated the authority to authorize projects of up to 10 years which have a life-of project funding level of up to \$20 million. In that the Technical Assistance and Support Project is an eight year project with a total funding level of \$15 million, you have the authority to authorize the subject project.

RECOMMENDATION: That you sign the attached Project Authorization and the Project Data Sheet and thereby authorize a \$15 million grant for the Technical Assistance and Support Project (386-0515).

Approved: Robert N. Bakley

Disapproved: _____

Robert N. Bakley
Director
USAID/New Delhi

Date: 20 Aug 88



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

NEW DELHI, INDIA

PROJECT AUTHORIZATION

INDIA

TECHNICAL ASSISTANCE & SUPPORT PROJECT
PROJECT NUMBER 386-0515

Pursuant to Sections 103, 104 & 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Technical Assistance & Support Project (the "Project") for India (the "Cooperating Country"), involving planned obligations not to exceed Fifteen Million United States Dollars (\$15,000,000) over a seven year period from the date of this authorization, subject to the availability of funds in accordance with the A.I.D. OYB/Allotment process, to help finance the local and foreign currency costs of the Project. Of the \$15.0 million, Two Million Two Hundred Thousand United States Dollars will be obligated during Fiscal Year 1988. The planned life of the project is eight years from the date of the initial obligation.

The Project consists of providing assistance to the Cooperating Country for the testing of alternative schemes and technologies, and foster in a collaborative manner the Indian Government's ability to implement its development plans. The purpose of the Project is to improve the efficiency and effectiveness of the GOI, USAID, and potentially, other donor efforts to identify, implement and evaluate development investment for the public and private sectors.

The Project funds will be used to finance Workshops; Collaborative Scientific Exchanges; Feasibility Studies; Experimental or Pilot Activities; the Gandhi-Reagan Fellowship Program, Private Sector and P/C Initiatives; and activities aimed at the promotion of women in Development. Project funds will also be available to USAID to sponsor certain programs which it may consider important. Monitoring and Evaluation of the Project will be financed out of the Project funds.

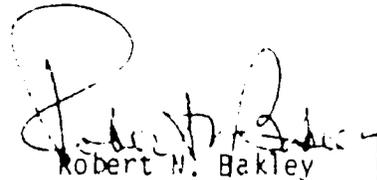
The Cooperating Country intends to contribute the Rupee equivalent of an estimated Five Million U.S. Dollars (\$5,000,000) to finance local currency costs associated with the Project.

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

- A. Source and Origin of Goods and Services: Goods and services, except for ocean shipping, financed by A.I.D. under the Project shall have their Source and Origin in the Cooperating Country or the United States, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Project shall be financed

only on flag vessels of the United States and the Cooperating Country, except as A.I.D. may otherwise agree in writing.

- B. Conditions Precedent to Disbursement of Funds: The Project Agreement contains only the standard Conditions Precedent (C.P.s) to disbursement of funds.
- C. Covenants: Except as A.I.D. may otherwise agree in writing, the Cooperating Country will agree to: (1) establish jointly with USAID/I during the first six months of the Project, the procedures to be used to review and approve activities for Project funding; (2) be responsible for publicizing, both in the GOI and in the Indian Private Sector, the fact that bilateral USAID Project funds are available to finance a variety of studies, etc. as well as the review and approval procedures for such funding.


Robert M. Bakley
Director
USAID/New Delhi

Date: 22 Aug 85

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A
 B
 C
 D

Amendment Number

DOCUMENT CODE

3

COUNTRY/ENTITY: INDIA
 4. BUREAU OFFICE: ANE 3
 5. PROJECT NUMBER: 386-0515
 6. PROJECT TITLE: Technical Assistance & Support Project

8. PROJECT ASSISTANCE COMPLETION DATE (PACD): 09/30/93
 7. ESTIMATED DATE OF OBLIGATION: 8/8/93
 9. COSTS \$1000 OR EQUIVALENT \$1 =
 A. Initial FY: 8/8 B. Quarter: 4 C. Final FY: 9/3

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FY	C. QTR	D. Total	E. FY	F. QTR	G. Total
US Government Grant	1,500	400	2,200	11,850	3,150	15,000
India	1,500	400	2,200	11,850	3,150	15,000
Other	-	-	-	-	-	-
TOTAL	3,000	800	4,400	23,700	6,300	30,000

10. SCHEDULE OF AID FUNDING \$1000

A. APPROXIMATE PRIMARY RELATION PURPOSE	B. PRIMARY TECH CODE	C. 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. EN	B100	-	-	1,000	-	8,000	-
2. EN	B100	-	-	-	-	2,000	-
3. EN	B100	-	-	200	-	2,000	-
TOTALS		-	-	1,200	-	12,000	-

11. SECONDARY TECHNICAL CODES (maximum 3 codes or 3 positions each)
 12. SPECIAL CONCERNS CODES (maximum 2 codes or 4 positions each)

13. PROJECT PURPOSE (maximum 400 characters)

The purpose of this project is to improve the efficiency and effectiveness of the Public Works Administration (PWA) and potentially other donor efforts to identify, implement and evaluate development investments for the public and private sectors.

14. SCHEDULED EVALUATIONS: Start: 06/93, End: 08/93
 15. SOURCE ORIGIN OF GOODS AND SERVICES: 100 40 20 Other Spec

16. AMENDMENTS NATURE OF CHANGE PROPOSED (This is page 1 of 1)

APPROVED BY: Robert N. Bakley
 SIGNATURE: [Signature]
 TITLE: CONTROLLER, USAID, NEW DELHI, DATE SIGNED: 08/20/84
 APPROVED BY: [Signature]
 TITLE: [Signature]
 DATE SIGNED: 08/20/84
 DATE DOCUMENT RECEIVED BY AID/W OR FOR AID/W DOCUMENTS: [Blank]
 DATE OF DISTRIBUTION: [Blank]

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LIST OF ACRONYMS

AID	Agency for International Development
AID/W	Agency for International Development/Washington
ANE	Asia/Near East Bureau, AID/W
CDSS	Country Development Strategy Statement
CO	USAID/I Controller's office
CP	Condition Precedent to Disbursement
CTD	Center for Technical Development
DEA	Department of Economic Affairs
DM&T	Development Management and Training Project
FN	Food & Nutrition Account
GOI	Government of India
HE	Health Account
HRD	Human Resources Development
IFPRI	International Food Policy Research Institute
LOP	Life of Project
MACS	Mission Accounting and Control System
NGO	Non-Governmental Organization
NQCB	National Quality Control of Biologicals Project
PD&S	Project Design & Support Funds
PIL	Project Implementation Letter
PIM/PRJ	Projects Implementation and Monitoring Division, Project Office
PIR	Project Implementation Report
PN	Population Account
PP	Project Paper
PROAG	Project Agreement
PVO	Private Voluntary Organization
R&D	Research & Development
RTCP	Regional Technical Collaboration Projects
S&T	Science & Technology
SD	Selected Development Activities Account
TASP	Technical Assistance & Support Project
USAID/I	United States Agency for International Development/India
WID	Women in Development

I. SUMMARY PROJECT DESCRIPTION

- 1.00 The Technical Assistance and Support Project (TASP) is an outgrowth of the Regional Technical Collaboration Project (RTCP) 398-U282. This project allowed United States Agency for International Development (USAID/I) to respond to financing requirements inappropriate under traditional bilateral projects. Through its flexibility, this project will help USAID/I pursue a variety of development objectives and approaches which included the funding of technical assistance, feasibility studies, small grants, and exchange programs outside the bilateral program.
- 1.01 The TASP will enlarge and expand upon the firm foundation of the earlier RTCP but will be entirely within the bilateral program and will be implemented in partnership with the Government of India (GOI). The goal of TASP is to contribute in a collaborative manner towards strengthening the GOI's ability to implement its development plan. The purpose of the project is to improve the efficiency, effectiveness and timeliness of the GOI, USAID, and potentially, other donor efforts to identify, design, implement and evaluate development investments for the public and private sectors.
- 1.02 To achieve this goal and purpose, USAID/I will give priority to those activities that are related to the strategic objectives that both USAID/I and the GOI would like to see funded, but are not easily supported through our existing bilateral projects. Emphasis will be given to innovative pilot projects, studies and to collaborative research and associations that will be expected to provide a significant demonstration effect from which larger activities are likely to develop. Up to \$3 million of the TASP funds will support the Gandhi-Reagan Fellowship Program. TASP will also support Indian private sector and Private Volunteer Organization (PVO) activities; Women-In-Development (WID) activities; and will fund short-term specialists/long-term advisors as requested by/or concurred with by the GOI. Supported activities may not, in all instances, be closely or directly linked with the bilateral project portfolio. They will remain however, within the USAID/I broader Country Development Strategy Statement (CDSS).
- 1.03 Given the nature of the project, the Project Paper (PP) cannot predict the actual number or size of activities to be supported. It is also difficult at the design stage to specify the particular technical purpose of all the possible TASP funded activities. Nonetheless, the total costs of the project is expected to be \$20 million, with a USAID/I contribution of a \$15 million grant over the Life-of-the-Project (LOP) and an estimated \$5 million rupee equivalent, in-kind contribution from Indian public and private sources.
- 1.04 The Department of Economic Affairs (DEA) of the Ministry of Finance will be responsible for managing TASP from the GOI. The

Project Implementation & Monitoring division of the Project Office (PRJ/PIM) will manage TASP for USAID/I while management of the individual activities will be by GOI technical ministries and by the appropriate USAID/I technical division. A Project Committee will be established to recommend approval of project funding for individual activities and sub-projects and for assuring adequate monitoring of these approved activities.

II. PROJECT RATIONALE AND DETAILED DESCRIPTION

A. Relationship To Host Country Priorities:

- 2.01 Under the Seventh Five Year Plan (1985 - 1990), the GOI committed itself to effectively use technology to spur economic development. The Plan indicates that "...the coupling between science and technology infrastructure and the capabilities and the production systems in the country is weak." It goes on to state that the science generated has not been sufficiently used nor appreciated by decision makers in government and industry. Significantly, the capabilities in the universities, national laboratories and the scientific agencies have not been adequately coordinated nor used to foster the development of an innovative chain of basic and applied research, design and development, prototype fabrication, and production engineering.
- 2.02 The Plan points out that a new Science and Technology (S&T) development strategy is needed, one that emphasizes Research and Development (R&D) linkages with operating companies, at an early stage in product development that will result in a more effective deployment of consultants. Under such a scenario a goal directed S&T effort needs to be developed which will utilize existing Indian knowledge and capabilities to deal with short and long-term objectives. Such an effort must involve the generation of know-how and technology which will be relevant to the requirements of the Seventh Five Year Plan and beyond. Recognizing its needs as well as its strengths, the Plan suggests that India should seek to take advantage of appropriate international collaborations and use international facilities in such ventures.
- 2.03 PVOs, according to the Plan, also have an important role in the application of S&T to the social and economic development of rural people. Such a role will include efforts to improve the quality of life for women by focusing on the enhancement of employment opportunities through improved application of new technologies and ensuring greater contribution by women to science and technology.
- 2.04 In order to achieve the economic development objectives of the Seventh Plan and beyond, India will need to rely upon its substantial base of trained manpower in many scientific, academic, professional and entrepreneurial endeavors. It also

will need to draw upon its significant basic scientific research capability. Moreover, to achieve quicker adaptation and commercialization of new technologies, India will require significant and highly qualified expertise from outside to foster technology transfer. This is especially true if India is to succeed in advancing new technologies as the leading edge in its economic development thrust.

- 2.05 To move forward on new technologies so they have market and economic impacts, improved relationships and communications are needed among industry, government, academia, and national research institutes. Similar improvements are needed in the agricultural and natural resources sectors if India is to take full advantage of new technologies and ideas to promote the potential of increasing and sustaining agricultural productivity in an ecologically balanced way. Such an improvement in communications and relationships will be largely dependent upon the ability of institutions to access top quality scientists and technical experts from within and outside of India. Such institutions must also be in a position to sponsor targeted studies, research activities and pilot programs. The TASP will fund such activities including, but not be limited to, the fields of telecommunications, biotechnology, agricultural science, information technology, resource management (both land and water), health and other topics of social concern. It is anticipated that relevant private sector initiatives will be encouraged by the GOI and will thus be at the forefront of those activities funded under TASP.
- 2.06 The TASP will assist India in its desire to use technology as a catalyst for economic development. It is designed to: provide a way for USAID/I to make necessary technical and analytical resources quickly available to the GOI; provide for collaborative research and scientific exchanges in both the public and private sectors; support fellowship programs in subjects related to S&T at eminent U.S. and Indian institutions; and to support WFO activities.

B. Relationship To A.I.D. Strategy:

- 2.07 The USAID/I program can increasingly be characterized as one helping to foster and promote the mutually supportive activities of S&T development and Human Resource Development (HRD). S&T and HRD are seen as important cross-cutting objectives to which USAID/I has emphasized in the CDSS.
- 2.08 USAID/I has made substantial investments in S&T and HRD over the past several years. Presently, new projects in both of these areas are being designed, i.e., the National Quality Control of Biologicals project; the Plant Genetic Resources project; the Center for Technology Development Project; and an amendment to Development Management & Training project. To complement these and other development activities in S&T and HRD, a quick

responding project supporting collaborative efforts, research and pilot activities is also needed. TASP is that project.

- 2.09 India has a high level of domestic savings and a reasonable level of infrastructure. Although its development needs require that it still import capital, higher benefits can be gained by consolidating, refining, or taking advantage of its existing resource base. The TASP program will complement this Indian objective. Activities funded by TASP will typically be small scale (less than \$1 million), of short duration (generally one to two years), and/or difficult to finance under traditional bilateral project mechanisms because of their size, the need for a quick response, their innovative nature, or due to a variety of institutional sensitivity. Many of these activities will be studies or pilot programs which will suggest or test ways for India to manage and operate its economy more efficiently.
- 2.10 Central to the Agency for International Development's (A.I.D.'s) "Advanced Developing Country Strategy" is the enhancement of vital institutions of research, technology adaptation, and education via professional interaction, collaborative research and scientific exchanges. Through TASP, positive study and test program linkages with governmental, academic and entrepreneurial institutions will be fostered so as to result in a pay off of improved economic efficiency and benefit.

C. Project Rationale:

- 2.11 India's reservoir of technical manpower has come of age and its productivity, in both the public and private sectors, is improving. Bureaucratic obstacles are being reduced by the GOI to help boost productivity. There has been some liberalization of the restrictions on imports and some attempt to reduce function costs in setting up new business. The basic direction is positive.
- 2.12 Nevertheless the size of India's population, relative to its productive capacity, may be the country's major obstacle to sustained economic growth. The social and physical pressures from this large population are formidable. However, India's human potential is perhaps its greatest untapped resource. For example, in scientific, academic, professional and entrepreneurial endeavors, India has a large, well trained cadre.
- 2.13 The GOI looks to the United States (U.S.) as a leader in many S&T fields and in the further development of its human resource potential, e.g. agricultural science, resource management and biotechnology. Therefore an excellent opportunity exists for bilateral collaboration in these areas of mutual interest and concern.
- 2.14 In the recent past, USAID/I has supported a limited number of technical assistance activities and pilot projects, outside of

and in addition to, the annual country level of funding. Such additional assistance was provided under the RTCP. That project allowed USAID/I to respond to GOI and other requests for assistance which were not easily charged to bilateral projects. Regional Project funding was also utilized to finance USAID/I based technical advisors, feasibility studies, small grants to PVO's and NGO's, worksnops and other miscellaneous activities which were important but did not easily fit into any existing or planned bilateral project. To date, USAID/I has obligated over \$5.5 million for such purposes.

- 2.15 The RTCP helped USAID/I respond to many of areas of Indian concern including S&T, health, population and agricultural. However, these activities were generally removed from the typical USAID/I interactive relationships with the GOI and thus only indirectly fostered the development of better understandings and new or larger initiatives.
- 2.16 During the past few years the GOI has made a number of worthwhile requests to USAID/I for technical assistance and small project support which could have led to useful future developmental relationships. Unfortunately, USAID/I was able to respond to just a few of these requests, primarily because the proposed activities did not fit within the parameters of any existing or planned bilateral project in the USAID/I portfolio and were considered to be too small for the initiation of separate ventures.
- 2.17 Examples of some of the requests received from GOI or private sources in FY 85 and FY 87 are:

<u>ACTIVITY</u>	<u>ESTIMATED COST</u>
1. Guragon Management Development Institute	\$1,000,000
2. MEDLARS (Data base system)	700,000
3. Guinea Worm Eradication	1,000,000
4. Ground Water Analyses	600,000
5. Remote Sensing Training and Support	300,000
6. Soil Conservation Service Review of Indian Progam	400,000
7. Support to Help Rationalize Industrial Facilities	500,000
8. Technical Support to Private Technical Training Institutes in Karnataka	800,000
9. Mangalore Refinery Environmental Study	300,000
10. <u>Coal Gasification/combined cycle study System</u>	700,000
TOTAL	<u>\$6,300,000</u>

- 2.18 These recent requests show an increased Indian interest and awareness of potential USAID/I funding of technical assistance and training requirements. After extensive

negotiations with the GOI, USAID/I agreed to fund item #2 above under an existing bilateral project. Item #9 was funded through a special, one-time allotment of Project Design and Support (PD&S) funding from the Asia/Near East (ANE) Bureau and three of the other requests may soon be funded under existing projects. Notwithstanding these special cases, USAID/I and the GOI have agreed that TASP represents a better funding vehicle for such ideas or activities in the future. It was agreed that the existence of such a bilateral project (TASP) would eliminate the need for spending time in finding ways of squeezing new proposals, etc. into existing Bilateral, Regional and/or Central projects which often have relatively specific goals and purposes. In the past the necessity of searching through the existing portfolio of projects for a source of funding for a special GOI, USAID/I or other initiative has meant losing momentum and perhaps not being able to finance the testing and refinement of a new ideas and/or technology that requires such. Consequently, USAID/I and the GOI believe that TASP will be a very useful addition to the bilateral project portfolio.

- 2.19 The TASP is a natural step in the evolution of the USAID/I development relationship with India. The Project will provide a bilateral mechanism for USAID/I to fund activities which will sustain, refine and further advance many activities previously supported through the extra budgetary mechanisms.
- 2.20 Activities that are supported under this project may not be, in all instances, closely and directly linked with the bilateral project portfolio. They will remain, however, within the USAID's CDSS.

D. Project Objectives:

- 2.21 The goal of the project is to contribute, in a collaborative manner, to strengthening the GOI's ability to implement its development plan. The purpose of the project is to provide an easily accessible source of foreign exchange for the GOI and USAID/I to fund collaborative efforts and pilot project activities and to improve the efficiency and effectiveness of USAID/I and, potentially, other donor efforts to identify, design, implement and evaluate development investment proposals from both the public and private sectors.
- 2.22 TASP assistance to the GOI is expected to: (a) sponsor targeted studies, fellowship programs, research activities and pilot or experimental activities in the broad areas of health and biotechnology, agriculture including food processing, resource management and in the development of

the GOI's technology resources; (b) improve and upgrade Indian's development management capabilities to more effectively deliver government and private goods and services; (c) improve policy analysis and dialogue through workshops, conferences, and seminars; and (d) assist WID oriented activities .

2.23 In achieving these objectives, USAID/I will give priority project funding consideration to those activities that are related to the strategic objectives which USAID/I and the GOI determine require immediate financing, but are not easily supportable through other bilateral projects. Emphasis will be given to funding innovative pilot projects, to collaborative research and associations that are expected to provide a significant demonstration effect which could led to the development of larger scale activities. However, other "stand alone" activities with clear objectives will not be automatically precluded from funding under the TASP. An example of such a "stand alone" activity is the Gandhi-Reagan Fellowship Program which will be funded under TASP.

2.24 Given the nature of TASP, the Project Paper (PP) cannot predict the actual number or size of activities to be supported. It is also difficult, at the design stage, to specify the particular technical purpose of all the possible TASP funded activities. Therefore the TASP does not lend itself to a standard Logical Framework Analysis or to standard project evaluation procedures. USAID/I plans to hold periodic subproject implementation reviews with the DEA to jointly assess the utility and the value of the various activities that will have been approved for funding under the TASP. These reviews may result in the establishment of new directions of concentration for future project funded activities or to the modification of the operational and approval procedures that are originally set up to implement the project.

E. Project Elements:

2.25 It is essential that selection criteria established for the funding approval of activities under the TASP are not overly restrictive in determining how funds will ultimately be spent. A flexible approach will allow the GOI and USAID/I to deal with development problems and opportunities as they arise. Such an approach will permit an applied research approach to development and will enable the project to provide funds for the testing of alternative schemes and technologies.

2.26 The TASP will also foster collaboration between AID and the GOI since the activities will require joint programming as

well as a contribution from the India. Such an arrangement will increase GOI identification with and ownership of the specific activity as well as with the project as a whole.

- 2.27 The flexible nature of the project will allow USAID/I to respond quickly to GOI requests across a number of fields of mutual interest. It permits USAID/I to take advantage of the considerable investment that has already been made by AID in agriculture, health, S&T and in HRD. The project will also provide a source of bilateral funding for project design and/or modification of implementation procedures of ongoing bilateral projects. Finally project funded activities may supplement the intended outputs of other projects in terms of WID activities, various Indian private sector initiatives and activities undertaken by PVOs.
- 2.28 The TASP is an eight year, \$20 million project [\$15 million USAID/I and \$5 million in-kind, rupee equivalent Indian public and private sector]. USAID/I funding is to be provided from several Functional Accounts including: the Food and Nutrition (FN) account, the Health (HE) account, the Selected Development Activities (SD) account and the Population (PN) account. As experience on the demand for TASP funds accumulates, the proportion of funding from these accounts will be adjusted as needed.
- 2.29 The project budget included in the PP is illustrative only. Nonetheless, a number of specific activities have been identified for funding under the project. These include: the Gandhi-Reagan Fellowship Program for up to \$3 million; a variety of important studies proposed by the International Food Policy Research Institute (IFPRI) for up to \$2.5 million; NGO/PVO/Private Sector initiatives which fit within the CDSS; WID initiatives and project monitoring and evaluation. (It should be noted that any unspecific NGO/PVO/Private Sector or WID initiatives will require the approval of DEA prior to earmarking project funds.) In addition, USAID/I has surfaced several other suggested uses for TASP funds and the GOI is prepared to submit several other proposals for project funding as soon as the Project Agreement is signed. Therefore, a solid, open dialogue between USAID/I and the DEA will be essential if the project funds are to be used for the best possible activities.
- 2.30 Twenty percent of the USAID/I's contribution to TASP or \$3 million will support the Reagan-Gandhi Fellowship Program. Approximately 35-40 mid-level scientists will be nominated each year over a four year span to spend approximately three to six months at selected U.S. institutions or corporations such as IBM, ITT, and Battelle. General areas of interest that have already been identified for

this program are: advanced materials; biotechnology; and telecommunications. This preliminary selection does not preclude other areas of S&T interest from being added later.

III. COST ESTIMATES AND FINANCIAL PLAN

A. Cost Estimates:

- 3.01 USAID/I will contribute \$15 million over the LOP and various Indian sources (public and private) will provide in-kind contributions of \$5 million. At any time during the implementation of this project, USAID/I and the GOI may jointly agree on a revised allocation of funds among the project elements.
- 3.02 Due to the nature of the project, many activities to be financed cannot be identified at this time. Hence, inputs (consultants, special studies, fellowships, collaborative arrangements, etc.) have not been quantified in the PP. It is envisioned that as implementation proceeds funds will be earmarked by approved activity. Given the nature of the project, inflation and contingency factors have not been incorporated into the Illustrative Budget.

B. Financial Plan:

- 3.03 USAID/I plans to obligate to the project in FY 88 an initial tranche of \$2.5 million from the Agriculture and Health accounts. In FY 89, USAID/I expects to obligate an additional \$3 million to the project from various funding accounts. Projections of estimated expenditures by Fiscal Year through LOP are provided in Table II. Although the authorized AID LOP is for \$15 million over an eight year period, the annual TASP funding requirements will be reviewed yearly and the total project funding will be adjusted as required.
- 3.04 Funds requested for individual activities under this project will be earmarked with the concurrence of the DEA in consultation with relevant GOI ministries. It is envisioned that as appropriate these GOI technical ministries will coordinate their reviews and approvals with the appropriate technical offices within USAID/I. The estimated funding requirement for each of the project elements is shown in the Illustrative Budget provided in Table I. Separate PILs will be issued to earmark specific funding for the implementation of each activity that is approved for financing under the project. In the case of activities that are to be implemented through Host Country contracts, the earmarking PILs will also serve as a

commitment document. To the extent possible, the planned semi-annual project implementation review exercise will serve as a means of generating and formulating new activity and/or ideas that are to be funded by the project. However, it should be noted that the essential flexibility of the project is to be maintained throughout the LOP in order to allow the project (both the GOI and USAID/I) to respond to new and/or unanticipated proposals as they come forward.

TABLE I
ILLUSTRATIVE BUDGET FOR TASP*

(million dollars)

PROJECT ELEMENTS	AID(**)			GOI	TOTAL
	FX	LC	TOTAL		
COLLABORATIVE SCIENTIFIC EXCHANGES	0.600	0.600	1.200	0.250	1.450
WORKSHOPS & SEMINARS	1.300	0.300	1.600	0.250	1.850
FEASIBILITY STUDIES & PILOT ACTIVITIES	6.300	0.400	6.700	2.000	8.700
A. IFPRI	1.600	0.400	2.000	0.300	2.300
B. OTHERS	4.700	0.000	4.700	1.700	6.400
GANDHI-REAGAN FELLOWSHIP PROGRAM	3.000	0.000	3.000	0.000	3.000
PRIVATE SECTOR & PVO ACTIVITIES	0.250	0.875	1.125	1.500	2.625
WOMEN-IN-DEVELOPMENT ACTIVITIES	0.250	0.875	1.125	1.000	2.125
MONITORING, EVALUATION & AUDITS	0.150	0.100	0.250	0.000	0.250
TOTALS	11.850	3.150	15.000	5.000	20.000

NOTE: (*) indicates that this budget is illustrative, due to the fact that the project does not lend itself to the formulation of a definitive budget during the design stage. Also it should be noted that funding for this project is subject to the availability of funds from the U.S. congress.

()** indicates that up to 10% of the AID contributions may be used to fund limited amounts of commodities and equipment procurement related to other activities of the project.

TABLE II
TECHNICAL ASSISTANCE & SUPPORT PROJECT (386-0515)
PROJECTION OF ESTIMATED EXPENDITURES BY FISCAL YEAR
(U.S. \$ 000)

Fiscal Year	AID	GOI	Total
1988	0	0	0
1989	600	200	800
1990	2,500	850	3,350
1991	2,300	850	3,150
1992	1,500	500	2,000
1993	2,000	700	2,700
1994	3,500	1,200	4,700
1995	2,100	700	2,800
1996	<u>500</u>	<u>0</u>	<u>500</u>
TOTAL	15,000	5,000	20,000

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METHODS OF IMPLEMENTATION AND FINANCING TASP

<u>PROJECT ELEMENTS</u>	<u>METHODS OF IMPLEMENTATION</u>	<u>METHODS OF FINANCING</u>	<u>AMOUNT (\$000)</u>
Collaborative Scientific Exchange	H/C Contracts AID Direct Contracts	H/C Reimbursement Direct Payment	1.200
Workshops	PIL H/C Contracts	H/C Reimbursement Direct Payment	1.600
Feasibility Studies & Pilot Activities	H/C Contracts AID Direct Contracts	H/C Reimbursement Direct Payment	6.700
Gandhi-Reagan Fellowship Program	AID Direct Contracts and/or AID Direct PIO/Ps	Direct Payment	3.000
Private Sector & PVO Activities	PIL H/C sub-grants	H/C Reimbursement	1.125
Women in Development	PIL H/C Contracts or sub-grants	H/C Reimbursement	1.125
Monitoring & Evaluation	AID Direct Contracts	Direct Payments	0.250
Total			15.000

- 3.05 With the exception of the Gandhi-Reagan Fellowship Program, it is anticipated that the project will not normally fund fellowships, scholarships, training or collaborative research programs. USAID/I feels that such activities more closely fit within the parameters that have been established under the existing Development Management and Training project. However, such activities may in special cases be reasonably funded as elements of experimental, pilot or test projects financed under TASP. The project will not generally fund discrete activities costing less than \$75,000 but exceptions may be granted in particular cases related to NGO/PVO programs and/or small scale activities or specific study proposals which are of high priority to either USAID/I or the GOI.

IV. IMPLEMENTATION PLAN

- 4.01 USAID/I has sufficient qualified staff to implement and monitor the TASP. A project officer in the Project Implementation and Support division of the Project Office will be assigned to manage and monitor the project. However, individual activities will be managed in collaboration with the relevant USAID/I technical offices. As needed AID/W will be requested to identify qualified consultants to carry out short to medium term assignments under the TASP umbrella. The DEA and USAID/I will establish an approval and monitoring committee responsible for review of new proposals and for recommending approval of project funding. This committee will also review past performance and assure adequate project monitoring. USAID/I's technical offices and the appropriate GOI technical ministries will also play essential roles in the selection, development, implementation and monitoring of specific individual TASP funded activities.
- 4.02 The USAID Controller's Office will utilize the standard Mission Accounting and Control System (MACS) to deal with the required financial reports for the project. Contracting for individual activities under Host Country contracts or grants will be the responsibility of the appropriate GOI implementing agency. The USAID/I Regional Contracting Officer will be responsible for the contracting for direct AID contracts or grants. Although preference will be given to Host Country contracting, in those instances where U.S. direct contracts are to be issued, in keeping with Mission and AID policy, strong preference will be given to Gray Amendment firms, institutions and or individuals.
- 4.03 USAID/I's official counterpart agency is the DEA, as such the DEA will be designated as the GOI implementing agency for the TASP project as a whole. Should individual

activities require an additional representative from a particular technical ministry or agency, the DEA may designate an appropriate implementing official.

- 4.04 Requests for TASP funds originating within the GOI will be developed in the form of subproject descriptions and provided to DEA as appropriate. Proposals may also be developed by GOI implementing agencies in collaboration with appropriate USAID/I technical offices and then furnished to DEA for review based on the activity's technical merit and its priority. Requests may also originate within private organizations/NGOs or GOI agencies. Such proposals will also be jointly reviewed and approved by USAID/I and the DEA.
- 4.05 The DEA will provide for USAID/I review and approval a request for financing the particular activity. Such requests shall include: the objective and description of the activity; a budget estimate indicating the sources of funding (USAID and others); and a designation of the implementing Indian government agency or private/cooperative organization. On approval USAID/I will issue the necessary PIL to earmark funds and describe the contracting mechanism to be followed.

V. MONITORING PLAN

- 5.01 The TASP will be monitored at the project level and on the individual activity level. The DEA/USAID approval and monitoring committee will periodically review project performance and assure that lessons learned during implementation are taken into considerations in the planning of new activities or the funding of follow on activities.
- 5.02 The Controller's Office (CO) will issue quarterly pipeline reports on activity commitments, accruals and disbursements. The TASP project officer will prepare semi-annual Project Implementation Status Reports on all TASP activities and on all planned activities. This information will be incorporated into the semi-annual Project Implementation Reports (PIRs) that are sent to AID/W. The level of detail required will be worked out as implementation progresses.
- 5.03 Technical offices will monitor the implementation of individual activities, as appropriate, with occasional site visits, review of contractors' reports, discussions with host country counterparts and contractors, etc., and report their findings to the PRJ/PIM project officer responsible for managing the overall TASP for USAID/I.

- 5.04 At least twice a year USAID/I and the DEA will jointly review TASP progress, examine project selection and monitoring systems and relate findings back to current and future year project activity planning. These joint reviews should be coordinated with the semi-annual PIR review process whenever possible.

I. PROJECT ANALYSES

A. Economic Considerations:

- 6.01 The diversity, scope and cost of anticipated project funded activities, most as yet undetermined, makes it impossible to establish any sort of realistic Internal Rate of Return (IRR) at this early stage of project implementation. Even an attempt, at this time to perform a Least Cost Analysis on the anticipated costs and outputs of the project seems premature. Nonetheless, it is clear that to the extent that this project facilitates the development and conduct of a successful USAID/I bilateral program, it will undoubtedly produce a positive overall economic return. Therefore, such economic analysis may in fact more appropriately undertaken once some of the actual costs and objectives of the various activities, to be funded by the project, have been agreed to. The process of project evaluation and monitoring may provide the ideal opportunity to analyse the issues and questions related to the overall economic impact and value of the TASP. The project budget provides funding for USAID/I to directly contract for the required technical assistance to appropriately evaluate this new project concept in the context of the AID/GOI bilateral program. Notwithstanding the above it is also anticipated that the individual activities to be funded under the project will be reviewed for their feasibility and/or anticipated economic value.

B. Financial

- 6.02 The financing mechanism to be used will be determined on a case-by-case basis in conformity with AID regulations.

C. Planned Audit Coverage:

- 6.03 In accordance with the provision of the Payment Verification Policy Statement, USAID/I has evaluated the potential risks, assessed AID's vulnerability and considered the need for special audit coverage beyond that usually provided by the GOI and its implementing agencies and has concluded that plans for special audit coverage do not at this time appear to be warranted. Since the probability that a special audit will be required is very low, USAID/I has decided that project funds should not be

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set aside for this purpose.

- 6.04 DEA will be USAID/I's counterpart in managing the project. The activities will be implemented by various GOI ministries and agencies as well as other eligible Indian Public and Private institutions whose proposals are jointly approved for funding under this project. The DEA, other GOI ministries and parastatals are subject to the contracting, payment verification, audit procedures and guidelines prescribed by the GOI for such institutions. USAID/I has assurance that the GOI and its institutions have the necessary financial and management capability to implement activities that will be financed under the project and that they are subject to the normal GOI audit processes.
- 6.05 Insofar as the other participating Indian public and private institutions are concerned, USAID/I will establish appropriate systems for financial monitoring of their inputs to activities funded under the project. Such monitoring will include pre-award surveys for assessing the financial systems and controls of such institutions before activities are approved for project funding and submission of annual financial statements certified by independent firms of certified public accountants thereafter. Funds for this latter certification will be included in the related activity budgets. In addition, Financial Analysts from USAID/I's Controller office (CO) will perform financial reviews of the supported activities on a selected basis and will recommend steps to correct any identified financial management weaknesses. In special circumstances, the CO staff will arrange for special audit coverage of those activities identified as vulnerable.
- 6.06 Finally, the Project Agreement for this project will contain the standard audit provision that will allow the AID Inspector General to exercise the right to audit project operations either directly or through an independent CPA firm and should separate project funding be required to finance such an audit, sufficient funds have been provided in the Evaluation and Monitoring line item of the Illustrated Budget to cover possible direct USAID/I contracting of such audits.

D. Social, Technical and Administrative Analysis:

- 6.07 The TASP, although USAID/I's first bilateral project of this type, is an outgrowth of the successful implementation of the RTCP. The TASP will enlarge and expand upon this solid foundation. GOI implementation responsibility will rest with the DEA, which is USAID/I's official point of entry into the GOI bureaucracy.

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- 6.08 Given the diversity of anticipated project activities and the present inability to clearly define them, a social analysis can be discussed only in the most general terms while a technical analysis for the project as a whole is not applicable at this time. India is in the process of continuing to strengthen its S&T capability. Hence there is a great emphasis on developing its human resources by increasing technical capabilities in scientific, agricultural, professional, entrepreneurial and health related endeavors. In addition since the resumption of U.S. bilateral assistance program in 1978, India has increasingly looked to the U.S. for technical support and expertise to complement the U.S. bilateral development program. The TASP will provide such support.
- 6.09 As there is a wide range of activities possible under this project, it is difficult to identify and quantify the project beneficiaries. Immediate beneficiaries will include the institutions requesting the assistance. Longer-term beneficiaries will include the consumers of that institution's services as well as the individuals receiving fellowships and the like. For example, technical assistance provided to the GOI Department of Biotechnology may improve services provided by that department focused to help commercialize technical advances. This in turn, will increase incomes and create job opportunities in the society as a whole.
- 6.10 TASP will be a principal USAID/I vehicle for addressing WID concerns and issues. Through discrete activities targetting women as beneficiaries and through studies which investigate specific constraints to the involvement of Women in the Development process, TASP funds will help the GOI examine more closely strategies for improving the economic and social status of women in India.
- 6.11 Over the long-term it is anticipated that the project will beneficially affect most economic and social strata of the nation. For example, any technical assistance provided to the Ministry of Natural Resources will improve the ability of that ministry to both conserve and develop India's natural resource base. Assistance to the Ministry of Agriculture in agricultural marketing will eventually improve the functioning of Agricultural Markets. Assistance to the Ministry of Telecommunications will enable that ministry to improve their response to India's needs for better telecommunications.

VII. CONDITIONS PRECEDENT AND COVENANTS

- 7.01 In addition to the standard Conditions Precedent (CPs) to disbursement of funds under any bilateral project, it is

anticipated that this Project Agreement (PRO AG) will include a CP which will require the DEA to officially designate an individual in the DEA and provide that person with appropriate decision making authorities to manage the implementation of the project for the DEA. Such a designation will incorporate the authority to approve TASP funded activities and the establishment of GOI monitoring systems to track the success and usefulness of these activities.

- 7.02 It is envisioned by the Project Design team that the GOI, as represented by the DEA, will jointly establish with USAID/I during the initial period of implementation the procedures and criteria that will be used to review and approve various activities for TASP funding.
- 7.03 It is also anticipated that the DEA will agree to be responsible for publicizing within the GOI both the fact that TASP funding is available for a variety of studies, etc. and the procedures that have been established for review and approval of proposals.

VIII. EVALUATION ARRANGEMENTS

- 8.01 The TASP as a whole will be evaluated a minimum of two times and a maximum of three times during the LOP. The initial project evaluation will take place in year three of the project. It is anticipated that this evaluation will be a short, in-house evaluation which places an emphasis on a review of the utility of the procedures for selection and monitoring of the project activities and on the overall collaborative relationships between the DEA and USAID/I as well as the relationships on the technical level that related to activity selection and implementation. During the fifth year of the project an evaluation will be held to determine what progress has been achieved toward goal and purpose accomplishment. Each of these evaluation efforts will result in recommendations for future improvements in the administrative and managerial arrangements that exist in the project for activity selection, approval and implementation. During the seventh year or as appropriate a final project evaluation will be held with the purpose of closing out the project and determining if a follow on effort would be desirable and appropriate. Both the year 5 and year 7 evaluations will be conducted under the auspices of a direct USAID/I contract with outside consultants. Funding for these efforts has been provided within the overall TASP budget under the Monitoring and Evaluation line item.
- 8.03 Given the range and diversity of activities proposed to be financed under the project and the lack of benchmark

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indicators, input evaluations will be difficult to perform. Therefore, during the first two years of project activity a system will be developed by the DEA/USAID approval and monitoring committee that will provide an evaluation methodology, e.g., this may necessitate that Completion Reports in some sort of standard format be prepared for each project funded activity; and that baseline data for individual activities be established as part of the implementation of that particular activity.

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