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

LAC/CEN REGIONAL

PROJECT PAPER

ADVANCED TRAINING IN ECONOMICS

AID/LAC/DR/P- 431

Project Number: 598-0774
597-0042

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____	DOCUMENT CODE 3
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2. COUNTRY/ENTITY LAC/CEN Regional	3. PROJECT NUMBER 598-0774 597-0042
4. BUREAU/OFFICE LAC Bureau, Office of Development Resources, EST	5. PROJECT TITLE (maximum 40 characters) Advanced Training in Economics

6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 01 31 97	7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4) A. Initial FY 89 B. Quarter 4 C. Final FY 97
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8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY 89			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(1,000)	(-0-)	(1,000)	(7,000)	(-0-)	(7,000)
(Loan)	()	()	()	()	()	()
Other U.S.						
1.						
2.						
Host Country						
Other Donor(s)						
TOTALS	1,000	-0-	1,000	7,000	-0-	7,000

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) EHR	600	600	0	0	0	1,000	0	7,000	0
(2)									
(3)									
(4)									
TOTALS				0	0	1,000	0	7,000	0

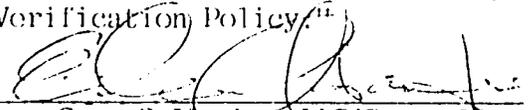
10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) 630 639 650 710	11. SECONDARY PURPOSE CODE
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code BU	
13. PROJECT PURPOSE (maximum 480 characters)	

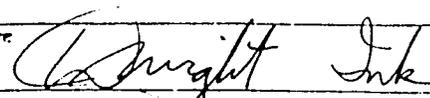
To provide for a long-term participant training program in the LAC region and in the U.S. for the purpose of producing a significant number of professionally trained economists who can have a substantial impact on the quality of economic analysis and policy implementation in the region.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 11 97 11 94	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input type="checkbox"/> 000 <input checked="" type="checkbox"/> 941 <input type="checkbox"/> Local <input type="checkbox"/> Other (Specify) _____
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

"I certify that the methods of payment and audit plan are in compliance with the Payment Verification Policy."


 Gary Byllesby, IAC/Controller

17. APPROVED BY	Signature:  Title: Assistant Administrator for Latin America and the Caribbean	18. DATE DOCUMENT RECEIVED IN AID/W. OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION Date Signed: Nov 18, 1988 MM DD YY
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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON DC 20523

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, LAC

FROM: LAC/DR, Gerard Bowers *G. Bowers*

SUBJECT: Advanced Training in Economics - Foundation
Francisco Marroquin Cooperative Agreement
(597-0042 & 598-0074)

Action Requested: You are requested to authorize a \$7.0 million cooperative agreement for Advanced Training in Economics (597-0042/598-0074).

Background: Good economic policy plays a critical role in a country's ability to accelerate self-sustained economic growth. Technical assistance can be used to help countries design and implement better economic policies, but there is no substitute for having a cadre of highly trained individuals in each country capable of designing and implementing economic policy. Although the establishment of adequate economic policy frameworks in recipient countries is central to A.I.D.'s strategy (and to the strategy of other multilateral and bilateral donors), up to now A.I.D. has not addressed the critical shortage of well trained economists in a unified manner. At the same time, countries from the Soviet Bloc, and particularly Cuba, are giving particular emphasis to the training of economists. While these Soviet Bloc trained economists receive a relatively low level of technical training, it is accompanied with a substantial portion of political ideology.

Broad-based economic growth in the Latin American countries will depend on the ability of those countries to define and implement coherent economic policies, and doing so requires increased numbers of economists who understand techniques of economic analysis. Rapidly increasing the number of economists from countries where A.I.D. has bilateral programs would not be possible because students from those countries are typically not well prepared academically for graduate study in economics in the United States. However, these students are excellent candidates for undergraduate training in economics at qualified institutions in Latin America. Select candidates from among these Latin American undergraduate students can be trained to the Ph.D.-level in the United States.

Discussion: The purpose of this seven-year, \$7.0 million cooperative agreement is to provide for long-term participant training programs in the LAC region and in the U.S. for the purpose of producing a significant number of professionally-trained economists who can have a substantial impact on the quality of economic analysis and policy implementation in the region. Participants will be selected on a competitive basis from Belize, Costa Rica, El Salvador, Guatemala, Honduras, Dominican Republic, Haiti, Jamaica, the Eastern Caribbean States, and Ecuador, with particular emphasis on the spanish speaking countries. Other LAC countries eligible for U.S. assistance may be added to this list at a later stage.

LAC/DR held a meeting on November 2, 1988 to review the Foundation Francisco Marroquin (FFM) proposal for the training of economists. It was agreed generally that the proposal was well-prepared, and that the training cost analysis and budget were complete. After reviewing the proposal some minor changes were recommended and they were incorporated in the attached Project Paper. While the FFM proposal requested a grant, it was decided that a Cooperative Agreement would more appropriately reflect A.I.D.'s participation in the management of the project.

The following is a summary of other major decisions reached at the November 2, 1988 review and incorporated into the Project Paper:

- a. The Cooperative Agreement will remain in effect only so long as Dr. Harberger retains his role and functions as Academic Director of FFM.
- b. A.I.D. reserves the right to review and approve Memorandums of Understanding (MOUs) between FFM and the regional LAC institutions.
- c. The recipient covenants to submit to A.I.D. a list of all trainees selected to participate in this program.
- d. The USAIDs located in participating countries will be given the opportunity to propose candidates for consideration for this program, but the final decision will be made by the four cooperating institutions in Latin America and by the Academic Director at FFM.

d. An overall evaluation will take place in the third year of this program and a final evaluation in the fifth year.

Environmental Determination: Since the activities for the subject project, when weighed against the criteria of Section 216.2 (c)(2)(i), (iii) and (xiv) of A.I.D.'s Environmental Procedures, qualified for a categorical exclusion, the LAC Bureau's Chief Environmental Office concurred with this recommended threshold decision on November 10, 1988 and an Initial Environmental Examination was not required. Attachment D.

Waiver of Competition: We have prepared a justification for a non-competitive grant award and have submitted it to M/SER/OP for their consideration. Attachment 3.

Congressional Notification: The Congressional Notification for the subject project was forwarded to Congress on November 8, 1988. Obligation can be incurred on November 23, 1988.

Authorization: Delegation of Authority 400 dated February 10, 1986 gives you the authority to authorize the subject project.

Recommendation: That you authorize a \$7.0 million cooperative agreement for the LAC Regional Advanced Training in Economics project (527-0042 & 598-0074).

Approved: _____

Disapproved: _____

Date: _____

Dwight Ink
Nov 18, 88

Attachments:

1. Project Authorization (Tab A)
2. Project Paper (Tab B)
3. Waiver of Competition Justification (Tab C)
4. Environmental Determination (Tab D)

ATTACHMENT 1
STATEMENT OF WORK

A. BACKGROUND

Good economic policy plays a critical role in a country's ability to accelerate self-sustained economic growth. Technical assistance can be used to help countries design and implement better economic policies, but there is no substitute for having a cadre of highly trained individuals in each country capable of designing and implementing economic policy. Although the establishment of adequate economic policy framework in recipient countries is central to A.I.D.'s strategy (and to the strategy of other Western multilateral and bilateral donors), up to now A.I.D. has not addressed the critical shortage of well trained economists in a unified manner. At the same time, countries from the Soviet Bloc, and particularly Cuba are giving particular emphasis to the training of economists. While these Soviet Bloc trained economists receive a relatively low level of technical training, it is accompanied with a substantial portion of political ideology.

Broad-based economic growth in the Latin American countries will depend on the ability of those countries to define and implement coherent economic policies, and doing so requires increased numbers of economists who understand international the market economy and who are capable of using modern techniques of analysis. Increasing rapidly the number of economists from countries where A.I.D. has bilateral programs would not be possible because students from those countries are typically ill-prepared academically for graduate study in economics in the United States. However, these students are excellent candidates for undergraduate training in economics at qualified institutions in Latin America. Select candidates from these Latin American undergraduate students can be trained to the Ph.D.-level in the United States.

B. OBJECTIVES

1. Project goal: To improve the quality of economic policy analysis and implementation skills in Latin American countries that are beneficiaries of A.I.D. development programs.

2. Project purpose: To provide for a long-term participant training program in the region and in the U.S. for

11

the purpose of producing a significant number of professionally-trained economists who can have a substantial impact on the quality of economic analysis and policy implementation in the region.

3. Project outputs: Eighty (80) individuals trained at the pre-Ph.D. level at the four participating Latin American institutions. Twenty-eight (28) Ph.D. economists trained at the ten selected U.S. universities. Based on statistical information from the University of Chicago, it is envisioned that approximately half of the long-term participant trainees receiving degrees under the program will serve in a high-level policy-making capacity within their respective national governments. (Past performance shows that economists with this type of training rank in the top 2-3% within their respective countries in terms of their mastery of modern economics. These economists will typically be in great demand by economic ministries, other government agencies and other institutions in their countries.)

Additional benefits to the A.I.D.-assisted countries are likely as a result of project leverage. In particular, it is expected that substantial numbers of well-qualified applicants from these countries will reach the participating universities with financing sources other than this specific project. Among such sources are a) A.I.D. Missions (with their own program funds), b) Central Banks and other agencies of the A.I.D.-assisted countries, c) other U.S. Government sponsored scholarship programs, d) scholarships from other multilateral organizations (e.g., OAS) and philanthropic organizations such as the Ford and Rockefeller Foundations, and e) the participants' own resources. It is expected that the recruitment efforts funded under the project will generate both direct interest by these agencies and solicitations to them by perspective grantees. Moreover, USAID programs involving economic policy analysis will be enhanced and strengthened by a significant increase in the country's level of economic skills as the pool of returned participants grows. A good example of this is the way that Chile's economic ministries have benefited from the pool of well-trained economists produced by the economics programs established at the Catholic University and the University of Chile.

The project consists of two separate components -- training of Latin American students at four Centers of Excellence in Latin America, and training at the Ph.D. level in a small number of U.S. universities that have high-quality Ph.D. programs and that give special emphasis to the training of policy-makers.

A. Training in Latin America. During the 1960's and 1970's a number of faculties of economics in Latin America

received number of faculties of economics in Latin America received support from USAID, from the Ford Foundation, and from other U.S. institutions and were able to use that assistance to strengthen their academic programs substantially. These institutions have produced graduates who have excelled in the most rigorous academic programs in the U.S., and are now often known internationally for their work in academia as well as for the key role that they have played in the design and implementation of coherent economic policies throughout the region. Among the best institutions in Latin America, four were chosen on the basis of the quality of their faculties, the quality of their academic programs in economics, and their success in placing graduates in the best Ph.D. programs in the U.S. Brief descriptions of those institutions and of the achievements of some of their graduates are contained in attachment 1.

These institutions are:

- Autonomous Technological Institute of Mexico (ITAM)
Mexico City, Mexico
- Argentine Center for Macroeconomic Studies (CEMA)
Buenos Aires, Argentina
- Pontifical Catholic University of Chile (Faculty of
Economics and Administration), Santiago, Chile
- University of Tucuman, Tucuman, Argentina

These institutions will play a dual role. First, the academic programs in the Universities of several of the countries of the region where A.I.D. has bilateral missions are weak and only their most exceptional graduates would be able to succeed in the highly competitive Ph.D. programs of U.S. universities. The use of the Centers of Excellence to "prep" students and get them ready for highly competitive programs in the U.S. would be less costly than training in the U.S. and would provide a significantly better background than almost any U.S. university. The students who do not obtain assistance for Ph.D. level studies and who return to work in their own countries will have been better prepared to perform fully as professional economists by studying in these LA universities than by pursuing undergraduate programs in the U.S. (This is partly because U.S. undergraduate programs are not nearly so professionally oriented as are these LA programs.)

Second, the Centers of Excellence would provide a thorough mechanism for selecting students for the Ph.D. programs in the U.S. Given that costs of training one participant at the Ph.D.

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level exceed U.S. \$100,000 it is obviously very important to ensure as far as possible that candidates who come to the U.S. for training at the Ph.D. level succeed in their programs. Even those candidates who are not selected for Ph.D. level training in the U.S. will have received a very thorough education at a cost significantly lower than if the training had taken place in the U.S.

It is noteworthy that a number of faculty members in the participating institutions were trained under earlier A.I.D. programs (in Chile and Argentina) or assisted by U.S. foundations in the course of their graduate studies. It is also fitting that these people who benefited from assistance from the USG and from U.S. foundations, will now assist in the training of participants from countries with relatively less development academic institutions. Taking advantage of the significant investment made in the four Centers of Excellence is fully consistent with the policies for training in third countries enunciated in Chapter 7, Handbook 10.

Training for two years at the top four Latin American Centers would give students a much better preparation for graduate studies in the U.S. than a bachelor's degree from a U.S. university. The students who are not accepted to the Ph.D. programs, or who make the decision to return to their countries will receive training that would prepare them to work as economists at a better level than most U.S. undergraduate and master's programs. The success of the graduates of the Centers of Excellence is fully documented in materials given to staff of the Latin American Bureau of A.I.D.

B. Training in the U.S.

For participants who are expected to become policy makers at the highest level, there is really no substitute for training at the Ph.D. level at a top university in the U.S. Candidates for training at the Ph.D. level generally will be selected from the students who have completed their programs at the four Centers of Excellence. A small number of exceptional candidates will enter Ph.D. programs in the U.S. without first receiving training in the four Centers of Excellence. The selection of the universities where the Ph.D. training will take place will be the responsibility of a committee composed of Professors Anne Krueger, Ronald McKinnon, and Arnold Harberger.

The four participating LA institutions were chosen not only for their recognized level of academic excellence, but also for the network of professors and academic officials trained at the University of Chicago and at other U.S. universities who now

hold key positions within the economic programs of these institutions. This network of professionals will greatly facilitate the identification and selection of prime candidates for the in-country pre-Ph.D. and U.S. Ph.D. economics programs by means of regular communication with the academic director and through the program's central coordination provided by FFM.

4. The Recruitment Process

Recruitment for the pre-Ph.D. programs will be the responsibility of the four participating Latin American Faculties. The importance of the recruiting function cannot be overstated. In a sense, the need for a project such as this stems directly from the difficulty of analyzing and predicting the performance of A.I.D.-country participants in rigorous Ph.D. Economics programs in the United States. Pre-training in the four Latin American institutions is aimed at surmounting this problem. But the better is the raw material selected to enter the pre-Ph.D. programs, the better their output will be. Hence the need for high quality recruitment efforts.

Such efforts will carry extra benefits. By developing personal contacts in the A.I.D. countries, the recruiting teams will have a chance to generate applications above and beyond the numbers contemplated in this program. They may also be able to motivate financing from other sources for additional candidates.

Specifically, it is proposed that each participating institution will typically mount (an average of) two recruiting expeditions per year. Normally such expeditions will consist of two professors from the Latin American institution, and will concentrate on a specific areas within Latin America and the Caribbean (e.g., Peru, Bolivia and Ecuador; or Costa Rica, Guatemala, El Salvador and Honduras; or Belize, Jamaica, Barbados, Haiti and the Dominican Republic). On these trips the team will visit the local universities and technical schools that are the most likely sources of candidates. They will also contact the local USAID Missions which will be given the option to propose well qualified candidates who will compete in the pool of candidates for consideration in this program; and with Central Banks, Planning Agencies, and other branches of government that might be willing to sponsor candidates. Once candidates are identified, the recruiting teams will arrange for interviews and in some cases for written examinations.

Budgets for these recruiting trips will be managed by FFM. Normally, the itineraries will be approved in advance by FFM, and the individual professors making the trips will receive travel funds directly from FFM.

5. Coordination with USAID Programs

The identification and selection of candidates for the U.S. Ph.D. program will be made initially through the existing in-country network of U.S.-trained economists. This network is an extension of the academic director's former students and colleagues now teaching at the four participating in-country universities. During the first two years of the program, students will be identified who have the current educational background, capacity, and promise to merit immediate admission to a U.S. Ph.D. program. Starting in year three of the project, it is anticipated that candidates for the Ph.D. program in the U.S. will be mainly chosen from the groups completing the in-country pre-Ph.D. programs. Thus, the project will "generate" in years 3-4 and beyond a sufficient number of highly qualified candidates to embark on Ph.D. level studies in the U.S. under project sponsorship.

Dr. Harberger's reputation as a world renowned economist, and his many years of experience as a professor of economics at leading U.S. universities, will serve to establish immediate credibility for the program among the selected U.S. universities, as well as build upon the already strong relationships developed by these universities. It is intended that Dr. Harberger will serve in his capacity as Academic Director for the LOP.

In line with the reporting requirements established between the in-country universities and FFM, FFM will be responsible for obtaining from the U.S. universities at which participants are placed, the necessary financial reports outlined in A.I.D. HB 10, as well as progress reports on the students.

A selection committee will be formed by three eminent economists (i.e. Dr. Harberger, UCLA, Dr. Anne Krueger, Duke University, and Dr. Ronald McKinnon, Stanford University) to select approximately 10-12 of the most appropriate U.S. universities to include under the program. Selection of students for this program will be based on the following criteria: 1) academic level of the student; 2) field of interest compared to the specialization of the U.S. university; 3) preferences of the student; and 4) consultation between the academic director of FFM and the student's professors during the pre-Ph.D. phase.

6. IMPLEMENTATION

A condition precedent to disbursement of funds under the proposed cooperative grant agreement between A.I.D. and FFM, is for FFM to sign a Memorandum of Understanding (MOU) with the

Faculty of Economics of each of the four participating LA universities. This MOU will detail the responsibilities of each such Faculty in terms of quarterly reporting requirements (in conformance with the A.I.D. HB 10, and the Academic Programs Training Cost Analysis report); in designating a project coordinator from each institution responsible for financial reporting, progress and evaluation statements to be sent quarterly to FFM; providing an initial program of orientation for those students that will include academic-program as well as cultural information (with greater emphasis placed on orientation for those students who will be continuing on in the U.S. Ph.D program); and, an explanation of the implementation procedures for the submission of a yearly plan and budget for recruitment expenditures, projections of student enrollment and corresponding costs.

FFM will establish, in compliance with A.I.D. participant training reporting procedures, a manual of all procedures to be followed by the participating Faculties and, in turn, to be followed by FFM in reporting on a quarterly basis to the A.I.D. Project Officer. Copies of the relevant sections of A.I.D. HB 10 which pertain to third country training (e.g. Chapter 7) will be distributed to the participating Faculties.

The process of selecting qualified students to receive fellowships under the program will be patterned after the existing programs of the LA universities and those employed by the University of Chicago, UCLA and other U.S. universities. All of these selection processes are on-going and are based on many years of experience in the selection of highly qualified candidates who have then compiled excellent track records in their respective pre-Ph.D. and/or Ph.D. programs. The same academic and individual standards will be applied in participant selection as the above mentioned institutions regularly apply in their admissions processes. To ensure consistency and fairness among the participating institutions, however, each candidate will be individually assessed by the program's academic director (Dr. Arnold C. Harberger) before final selection is made.

7. COORDINATION OF PROGRAM ACTIVITIES WITH USAID MISSIONS

The process of recruitment of students for the in-country pre-Ph.D. programs will benefit by the input from USAID Missions in regard to proposed recruitment schedules and review of the prospective candidates. Close coordination will ensure that most, if not all, of the potential candidates are contacted by the university's recruiting team. Once candidates are identified, the USAID Mission could assist the program greatly through follow-up assistance in tracking and monitoring

the careers of graduates of the program. This aspect of the project will be facilitated through country-specific reports submitted by FFM to the USAID Missions in Latin America on a regular basis.

The program contemplates minimal administrative involvement on the part of the USAID Missions in the approval process of training candidates USAID missions will, however, retain a veto power based on considerations of security risk or other concerns of close interest to a U.S. Embassy, and may propose candidates for inclusion in the training program.

8. KEY PERSONNEL - ORGANIZATION AND ADMINISTRATIVE RESPONSIBILITIES OF FFM

The FFM project administration and implementation team will consist of Dr. Arnold C. Harberger, Mr. William W. Weston, one administrative assistant and one clerical person. Dr. Harberger is Co-Director of the Division of Advanced Studies of FFM and Academic Director of this program. He is responsible for the technical leadership and coordination of the long-term participant training program. Mr. William W. Weston, President of FFM, is the Administrative Director of the Project. He is responsible for the financial management and overall administration of the program. A yet-to-be-named administrative assistant will be in charge of day-to-day supervision, administration and follow-up activities of the long-term participant training program, assisted by one clerical staff person.

A. The Academic Director/Program Technical Coordinator will:

- Assume a key leadership role in the approval of participants under the project both for the in-country university and the U.S. programs.
- Review and approve the yearly plans for the recruitment of students by the in-country universities, and make final decisions on their placement.
- Make final decisions on the placement of Ph.D. participant trainees in the U.S.
- Visit the participating institutions at least once a year and discuss, review and make recommendations as necessary on the program content with key officials of each of the Latin American Faculties.

- Maintain regular contact with the U.S. universities involved in participant training, principally via seminars, conferences and contacts with participants' academic advisers.
- Maintain regular collaboration with professors at participating Latin American institutions as required for their ongoing research and other professional endeavors.
- As compensation for performing the above duties, and for the general management of all academic aspects of the project, Dr. Harberger will receive a fixed annual fee, set at \$25,000 for the initial year of the project.

B. The Project's Administrative Director will:

- Ensure full compliance with all applicable rules and regulations contained in A.I.D. HB 10. Among other duties, the Administrator will be responsible for the submission to A.I.D. of a semi-annual budget which fully discloses all required expenditures for a projected six-month period. (The project disbursing mechanism will require the Administrator to arrange, subject to A.I.D. approval, for the transfer of project funds via a Federal Reserve Letter 19 Credit to an FFM-designed bank, and in turn for the transfer of funds via registered mail to the university coordinator, or to the corresponding bank of each participating university for payment to the participant trainee). The Administrator will submit to A.I.D. quarterly financial reports, PIO/Ps for each participant under the project, and a training implementation plan (TIP) or detailed description of the program to be followed by the participant trainee, including the proposed orientation program, language training requirements and other proposed programmatic training during "vacation" periods, when applicable.
- Serve as the liaison between the LA university coordinator (and the corresponding participant-trainee as appropriate) and the central administration of the project, the FFM academic director, and the A.I.D. Project Officer. Likewise, the Administrator will be the administrative liaison between FFM and the designed contact person (e.g., faculty adviser), for each student studying at a U.S. university under the project.
- Be responsible for project finances, program administration and the follow-up activities of tracking and monitoring project progress. In addition, the administrator will have authority to certify all project financial disbursements.

- As compensation for performing the above duties, and for the general management of all administrative aspects of the project, Mr. Weston will receive a fixed annual fee, set at \$25,000 for the initial year of the project.

C. The Administrative Assistant will:

- Work directly with the Project Administrator for the timely execution and submission of all financial and progress reports to A.I.D.; handle the day-to-day administration of the program and all work required in monitoring the results of the program and tracking the performance of participants once they graduate.
- Be responsible for the efficient operation of the computerized accounting and participant monitoring programs, updating all information as needed.
- Serve as project executive secretary in all word processing and correspondence functions.

D. The clerical staffer will:

- Carry out office functions related to the implementation of the project. This person will probably work on a full-time basis at the beginning of project implementation, but will likely work on a part-time or seasonal basis afterwards.

9. ADMINISTRATIVE ANALYSIS

The project will be managed by the Foundation Francisco Marroquin (FFM), a non-profit institution incorporated in the State of California. To date, the FFM has handled funds from the Office of Schools and Hospitals Abroad (ASHA) for the construction of buildings at the campus of the Francisco Marroquin University in Guatemala City (U.S. \$5.5 million). FFM has also sponsored a series of seminars on economic policy (under the Foro Latinoamericano), and has made financial grants to a number of universities, technical schools and research centers throughout Latin America. As part of the ASHA financed activity, the FFM has developed a computerized accounting system and a system of monthly financial reports and quarterly financial reports which are submitted to ASHA. These reports have complied fully with ASHA requirements.

The Advanced Studies Division of FFM (ASD) was established by a resolution of the Board of Trustees with the purpose of promoting the training of students from Latin America in the fields of economics and administration. Two co-Directors, one for economics and another for administration will be

responsible for the academic programs supported by FFM. The handling of funds, compliance with reporting requirements of donor agencies and maintenance of records will be the responsibility of the President of FFM and his staff. The draft resolution establishing the Division is attached as Attachment 2.

The President of FFM will be the administrative director of the proposed project and will handle all funding and reporting activities. The Co-Director for Economics (Dr. Arnold C. Harberger) of ASD will be the academic director for the LOP of this project and will handle all matters connected with the selection and placement of candidates. One additional person will provide administrative support including accounting services. External auditing will continue to be carried out by FFM's external auditors.

Apart from the Memorandum of Understanding (MOU) mentioned above for the LA Faculties, there is no need to have formal agreements between the FFM and the participating institutions in Latin America and the U.S. However, one specific faculty member in each institution in Latin America will be responsible for reporting to FFM on student progress of all participating students. In the cases of U.S. universities, FFM will establish a link with a specific faculty member (typically the student's academic adviser) for each student participant.

The training of Latin American students at Chicago has resulted in the formation of an informal network. Although there are no formal meetings of the network, conferences on Latin America sponsored by the World Bank and other institutions, and annual regional meetings such as those of the Econometric Society provide opportunity for contacts and discussions. At times, fully one third of the participants in such conferences have been former students of Professor Harberger. The establishment of a network of graduates is not a purpose of the program, but it is expected that the graduates of this program will develop continuing links similar to these described here.

10. FFM's role in identifying/obtaining guarantees regarding post-training employment or placement of participant graduates.

Given the demand in A.I.D.-assisted countries in Latin America for trained economists at the levels proposed under this project, "commitments of employment" or similar guarantees should not be required. For many reasons it is desirable that the organizations that employ returning participants should have a genuine desire for their services. FFM, with the help of the local USAID offices and the previously-described network

of U.S. trained professors, will provide ample referrals to participant graduates.

11. English as a Second Language (ESL) Requirements

The project budget allows for \$180,000 to cover the costs of in-country or U.S.-based English language training. Information from the Latin American Faculties reveals that some capacity for reading technical material in English is strongly recommended for their students. In cases where such skills are lacking, the project will finance in-country English language training to develop the needed facility. In the cases of participants selected for Ph.D. training in the U.S., the project will finance, on an as-needed basis, the upgrading of the ESL skills to the required level. Possible sites for ESL training will include Georgetown University, or other facilities in the U.S.

12. REPORTS AND DELIVERABLES

The recipient shall submit four copies of quarterly program status and training cost analysis reports to the Project Officer, LAC/DR/EST beginning March 1989. The reports will contain information on accrued financial expenditures during the quarter and projected expenditures for the following quarter, the status of the major outputs, other accomplishments, overall program status, problems and delays, major activities and corrective actions to be taken during the next six months, and a breakdown of cash or in-kind private sector contributions.

13. EVALUATION

An overall program evaluation will be conducted by an independent evaluator in the first quarter of FY 90. The evaluation will be funded within the total budget of the grant to FFM and supervised by LAC/DR.

14. SPECIAL PROVISIONS

- This Cooperative Agreement will remain in effect only so long as Dr. Harberger retains his role and functions as Academic Director.
- A.I.D. reserves the right to review and approve the provisions of MOUs with the regional LAC institutions.
- The recipient covenants to submit to A.I.D. a list of all participants selected to participate in this program.

LAC/DR/EST:MArnold:11/3/882019B
Revised:11/4/88

LAC/DR/EST:JCarney: draft Date: 11/4
LAC/DR:GBowers: draft Date: 11/4/88

BUDGET

Attachment 2

	1989	1990	1991	1992	1993	1994	1995	Total
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I- LATIN AMERICA TRAINING								
A. Education Training Costs	126000	220500	231525	243101	102103	0	0	923229
B. Allowances	167580	332514	349140	366597	181232	0	0	1397062
C. Travel	15750	33075	34729	36465	19144	0	0	139163
D. Insurances	0	0	0	0	0	0	0	0
E. Supplemental Activities	0	22050	23153	24310	25526	0	0	95038
Sub-total	309330	608139	638546	670473	328004	0	0	2554493
II- US TRAINING								
A. Education Training Costs	0	66150	185220	340342	357359	294821	168852	1412744
B. Allowances	0	85201	225505	401798	409329	352713	221534	1696080
C. Travel	0	4961	8682	10940	5743	10051	12664	53041
D. Insurances	0	2540	7112	13069	13723	11321	6484	54249
E. Supplemental Activities	0	16538	28941	36465	0	0	0	81943
Sub-total	0	175390	455461	802613	786154	668906	409534	3298058
III- ADMINISTRATIVE COSTS								
A. Salaries	90000	94500	99225	104186	95000	75000	60000	617911
B. Fringe benefits	18000	18900	19845	20837	19000	15000	12000	123582
C. Travel	7000	7350	7718	8103	7500	4500	4500	46671
D. Consultant fees	8215	1050	1103	1158	1216	1276	1340	15357
E. Equipment	0	0	0	0	0	0	0	0
F. Sub-contracts	0	0	0	0	0	0	0	0
G. Indirect Costs	10000	10500	11025	11576	11362	11105	8360	73929
H. Other	0	0	0	0	0	0	0	0
Sub-total	133215	132300	138915	145861	134078	106881	86200	877450
IV.- CONTINGENCIES	0	0	0	0	0	0	0	0
TOTAL PROJECT COSTS	442545	915829	1232922	1618947	1248236	775787	495734	6730000
EVALUATIONS	0	60000	0	60000	0	0	0	120000
AUDIT	0	50000	50000	50000	0	0	0	150000
GRAND TOTAL	442545	1025829	1282922	1728947	1248236	775787	495734	7000000

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Table 1. Summary of Project Costs

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Training Latin America	309330	608139	638546	670473	378004	0	0	2554493
Training in the US	0	170390	455461	802613	786154	668906	409534	3298058
Administrative	133215	132300	138915	145861	134078	106881	86200	877450
TOTAL	442545	915829	1232922	1618947	1248236	775787	495734	6730000

Memo items:

Administrative costs as % of total	30	14	11	9	11	14	17	13
Inflation Index 1988 = 1.00	1.05	1.10	1.16	1.22	1.28	1.34	1.41	1.21

Table 2. Summary of Project Costs at 1988 Prices

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Training Latin America	294600	551600	551600	551600	257000	0	0	2206400
Training in the U.S.	0	159084	393444	660312	615972	499148	291048	2619008
Administrative	126871	120000	120000	120000	105053	79757	61261	732942
TOTAL	421471	830684	1065044	1331912	978025	578905	352309	5558350

Table 3. Unit Costs

	1988 Prices		Current Prices	
	Per Part.Yr.	Per Part.Mth.	Per Part.Yr.	Per Part.Mth.
Latin America	13790	1149	15966	1330
U.S.	23384	1949	29447	2454
Administrative	2695	225	3226	269
Average Total Costs	20435	1703	24743	2062

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FUNDING REQUIREMENTS (\$'000)

Year	CA Regional	LAC Regional	Total
FY 1989	500	500	1000
FY 1990	1000	1000	2000
FY 1991	1000	1000	2000
FY 1992	1000	1000	2000
Total	3500	3500	7000

5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable to: (A) FAA funds generally; (B)(1) Development Assistance funds only; or (B)(2) the Economic Support Fund only.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FY 1988 Continuing Resolution Sec. 526.
Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully?
2. FAA Sec. 481(h). (This provision applies to assistance of any kind provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government), has the President in the March 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without

N/A

N/A

Congressional enactment, within 30 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, and to prevent and punish drug profit laundering in the country, or that (b) the vital national interests of the United States require the provision of such assistance?

3. Drug Act Sec. 2013. (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481(h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec 481(h)), has the President submitted a report to Congress listing such country as one (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful activities of U.S. drug enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country?

N/A

21

4. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government? N/A

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

6. FAA Secs. 620(a), 620(f), 620D; FY 1988 Continuing Resolution Sec. 512. Is recipient country a Communist country? If so, has the President determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism? Will assistance be provided directly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, South Yemen, Iran or Syria? Will assistance be provided to Afghanistan without a certification? N/A

7. FAA Sec. 620(i). Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property? N/A

8. FAA Sec. 620(l). Has the country failed to enter into an investment guaranty agreement with OPIC? N/A

22

9. FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made? N/A
10. FAA Sec. 620(q); FY 1988 Continuing Resolution Sec. 518. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1988 Continuing Resolution appropriates funds? N/A
11. FAA Sec. 620(s). If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.) N/A
12. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? N/A

13. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the Taking into Consideration memo.) N/A
14. FAA Sec. 620A. Has the President determined that the recipient country grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism or otherwise supports international terrorism? N/A
15. FY 1988 Continuing Resolution Sec. 576. Has the country been placed on the list provided for in Section 6(j) of the Export Administration Act of 1979 (currently Libya, Iran, South Yemen, Syria, Cuba, or North Korea)? N/A
16. ISDCA of 1985 Sec. 552(b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? N/A
17. FAA Sec. 666(b). Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? N/A
18. FAA Secs. 669, 670. Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.) N/A

24

19. FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device? N/A
20. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.) N/A
21. FY 1988 Continuing Resolution Sec. 528. Has the recipient country been determined by the President to have engaged in a consistent pattern of opposition to the foreign policy of the United States? N/A
22. FY 1988 Continuing Resolution Sec. 513. Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance? N/A
23. FY 1988 Continuing Resolution Sec. 543. Does the recipient country fully cooperate with the international refugee assistance organizations, the United States, and other governments in facilitating lasting solutions to refugee situations, including resettlement without respect to race, sex, religion, or national origin? N/A

25

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy? N/A

FY 1988 Continuing Resolution Sec. 538. Has the President certified that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performance of abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? N/A

2. Economic Support Fund Country Criteria

FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest? N/A

FY 1988 Continuing Resolution Sec. 549. Has this country met its drug eradication targets or otherwise taken significant steps to halt illicit drug production or trafficking? N/A

26

5C(2) - PROJECT CHECKLIST

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; 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?

A. GENERAL CRITERIA FOR PROJECT

1. FY 1988 Continuing Resolution Sec. 523; FAA Sec. 634A. If money is sought to obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified?
Congressional No sent 11/8/88
2. FAA Sec. 611(a)(1). Prior to an obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?
Yes
3. FAA Sec. 611(a)(2). If legislative action is required within recipient country, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?
N/A

27

4. FAA Sec. 611(b); FY 1988 Continuing Resolution Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively? N/A
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If ^{not}, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. Yes
7. FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to:
(a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations;
(d) discourage monopolistic practices;
(e) improve technical efficiency of industry, agriculture and commerce; and
(f) strengthen free labor unions. Yes
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). Private non-profit institution will implement project.
9. FAA Secs. 612(b), 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars. 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. FY 1988 Continuing Resolution Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? N/A
12. FY 1988 Continuing Resolution Sec. 553. Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel? N/A
13. FAA Sec. 119(g)(4)-(6). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas? 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 (either dollars or local currency generated therefrom)? N/A

15. FY 1988 Continuing Resolution. If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government? N/A

16. FY Continuing Resolution Sec. 541. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.? N/A

17. FY 1988 Continuing Resolution Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has prior approval of the Appropriations Committees of Congress been obtained? Will use EHR funding

18. FY Continuing Resolution Sec. 515. If decb/reob authority is sought to be exercised in the provision of assistance, are the funds being obligated for the same general purpose, and for countries within the same general region as originally obligated, and have the Appropriations Committees of both Houses of Congress been properly notified? N/A

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

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FY 1988 Continuing Resolution Sec. 552 (as interpreted by conference report). If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers?

N/A

b. FAA Secs. 102(b), 111, 113, 281(a). Describe extent to which activity will (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and

This Cooperative Agreement will promote self-help efforts through the implementation of better economic policies.

insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

- c. FAA Secs. 103, 103A, 104, 105, 106, 120-21. Does the project fit the criteria for the source of funds (functional account) being used? Yes, EHR account.
- d. FAA Sec. 107. Is emphasis placed on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? N/A
- e. FAA Secs. 110, 124(d). Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? Participants who are employed when they begin the program will generally continue to receive their salaries while in training
- f. FAA Sec. 128(b). If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority? N/A

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

The education and training made available in this project will increase the skills required for effective participation in government.

- h. FY 1988 Continuing Resolution Sec. 538. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions?

N/A

Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?

Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

- i. FY 1988 Continuing Resolution. Is the assistance being made available to any organization or program which has been determined to support or participate in the management of a program of coercive abortion or involuntary sterilization?

N/A

If assistance is from the population functional account, are any of the funds to be made available to voluntary family planning projects which do not offer, either directly or through referral to or information about access to, a broad range of family planning methods and services?

- j. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes
- k. FY 1988 Continuing Resolution. What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 20 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)? Zero
- l. FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (a) stress the importance of conserving and sustainably managing forest resources; (b) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (c) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (e) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared Yes

or degraded; (f) conserve forested watersheds and rehabilitate those which have been deforested; (g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (h) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (i) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (j) seek to increase the awareness of U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k) utilize the resources and abilities of all relevant U.S. government agencies?

- m. FAA Sec. 118(c)(13). If the assistance will support a program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species), will the program or project (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b) take full account of the environmental impacts of the proposed activities on biological diversity?

N/A

- n. FAA Sec. 118(c)(14). Will assistance be used for (a) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; or (b) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas? N/A
- o. FAA Sec. 118(c)(15). Will assistance be used for (a) activities which would result in the conversion of forest lands to the rearing of livestock; (b) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands; (c) the colonization of forest lands; or (d) the construction of dams or other water control structures which flood relatively undegraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development? N/A
- p. FY 1988 Continuing Resolution If assistance will come from the Sub-Saharan Africa DA account, is it (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) being provided in N/A

accordance with the policies contained in section 102 of the FAA; (c) being provided, when consistent with the objectives of such assistance, through African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (d) being used to help overcome shorter-term constraints to long-term development, to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (e) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

2. Development Assistance Project Criteria
(Loans Only)

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

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

- c. FY 1988 Continuing Resolution. If for a loan to a private sector institution from funds made available to carry out the provisions of FAA Sections 103 through 106, will loan be provided, to the maximum extent practicable, at or near the prevailing interest rate paid on Treasury obligations of similar maturity at the time of obligating such funds? N/A

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

3. Economic Support Fund Project Criteria

- a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?
- b. FAA Sec. 531(e). Will this assistance be used for military or paramilitary purposes?
- c. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

N/A

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(a). Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him? N/A
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 non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) N/A
5. FAA Sec. 604(q). Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those N/A

countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

6. FAA Sec. 603. Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates? N/A

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

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

9. FY 1988 Continuing Resolution 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? N/A

10. FY 1988 Continuing Resolution Sec. 524. If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)? N/A

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?
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 enterprises in Egypt that were described in the CP), or does assistance have the express approval of Congress?

C. OTHER RESTRICTIONS

1. FAA Sec. 122(b). If development loan repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter? N/A
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 interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? N/A

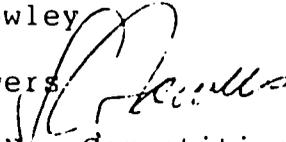
4. Will arrangements preclude use of financing:

- a. FAA Sec. 104(f); FY 1987 Continuing Resolution Secs. 525, 538. (1) To pay for performance of abortions as a method of 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 abortions or involuntary sterilizations as a means of family planning; or (4) to lobby for abortion? N/A
- b. FAA Sec. 483. To make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? N/A
- c. FAA Sec. 620(q). To compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? N/A
- d. FAA Sec. 660. To provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? N/A
- e. FAA Sec. 662. For CIA activities? N/A
- f. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? N/A

- g. FY 1988 Continuing Resolution Sec. 503. To pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? N/A
- h. FY 1988 Continuing Resolution Sec. 505. To pay U.N. assessments, arrearages or dues? N/A
- i. FY 1988 Continuing Resolution Sec. 506. To carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? N/A
- j. FY 1988 Continuing Resolution Sec. 510. To finance the export of nuclear equipment, fuel, or technology? N/A
- k. FY 1988 Continuing Resolution Sec. 511. 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? N/A
- l. FY 1988 Continuing Resolution Sec. 516; State Authorization Sec. 109. To be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress? N/A

MEMORANDUM

TO: M/SER/OP, Peter Howley

FROM: LAC/DR, Gerard Bowers 

SUBJECT: Justification for Non-Competitive Grant Award to the Francisco Marroquin Foundation

REF: Handbook 13, Chapter 2, Paragraph 3 b.

This memorandum constitutes justification for a non-competitive grant award, based on predominant capability, to permit M/SER to develop a Cooperative Agreement with the Francisco Marroquin Foundation to manage a training program in economics for students from LAC countries. The waiver would be based on the predominant capacity of the Foundation, because of the co-director of its Division for Advanced Studies in Economics and Management, Prof. Arnold Harberger.

BACKGROUND

The Proposed Project

The proposed project would finance U.S. study for the Ph.D. degree in economics for 30 students from LAC countries listed in the Project Authorization, and postgraduate economics training in high-quality Latin American institutions for 80 such students. This activity would be managed by the Francisco Marroquin Foundation, a U.S. private foundation, through which Prof. Harberger would provide project direction. Given the high cost of U.S. advanced training (about \$100,000 per Ph.D.), the selection of students for ability to successfully complete studies and subsequently to use this expertise to contribute to improved economic policies in Latin America are key issues in such training. Prof. Harberger proposes that he oversee this selection and training through his position as Co-Director of the Foundation's Division for Advanced Studies in Economics and Management.

The LAC Bureau has concluded that this proposal is responsive to a critical need in the region for larger numbers of highly-qualified economists. Selection of the Marroquin Foundation, however, requires your approval under A.I.D. procedures for non-competitive grant awards. The predominant or exclusive capability of an institution, based on experience, specialized facilities or technical competence, and based on an existing relationship with cooperating countries or beneficiaries constitutes the basis for such a waiver. The basis for such a waiver in this case would be the special qualifications which the project director, Prof. Harberger, brings to the Foundation which in turn gives it the predominant capability to implement the program proposed.

Marroquin Foundation Capabilities

We believe that the Marroquin Foundation has predominant capability for advanced training of Latin American economists. This capability derives from the unique experience and qualifications of its director for advanced training, Prof. Harberger, which make it able to provide the contacts with Latin American professionals, judgment of qualifications of potential candidates, and support during training unavailable elsewhere.

Prof. Harberger is the author of more than 100 scholarly articles in professional journals and books (see attachment 2). He is currently President-elect of the Western Economic Association, one of three major U.S. regional professional societies for economists.

In addition to his research work, Prof. Harberger has spent much of his career training economists from Latin America and providing professional advice to governments in the region. Attachment 3 includes names of former students of his who went on to academic and policy-making positions in Latin America. Prof. Harberger's former students include more than 80 faculty members of Latin American universities. Two of his former students have become national presidents of their country, five have become finance ministers, ten became central bank presidents, and numerous others have reached other senior government positions in economic policy in their country. He has acted as advisor to numerous governments in the region, including Bolivia, Chile, Colombia, El Salvador, Honduras, Mexico, Panama, Paraguay and Uruguay.

Prof. Harberger's support for Latin American students of economics and his continued involvement with his former students through continued contact, consulting to Latin American governments, and frequent visits to Latin American universities give him very strong ties to the economics profession in the region.

The Bureau's chief economist believes that this capability is unique in three respects:

-- no other person has as extensive a network of former students in positions of academic or economic policy responsibility in the region;

--no other person has as extensive an experience in promoting advanced economics training by Latin American students in the United States; and

-- no other person has a similar experiential basis for judging the capacity of potential candidates for advanced training in economics to later contribute to improved economic policy formation in the Latin American region.

In sum, he believes that Prof. Harberger has a unique experience base that makes him uniquely qualified to carry out a program of advanced training for economists from the Latin American region. The senior economists from the other two regional bureaus and the Director of the Office of Economic Affairs, PPC, were also requested to examine the proposal and Prof. Harberger's resume, and to provide a professional opinion of Prof. Harberger's capability. All unanimously concurred that Prof. Harberger does possess such a unique capability (see Attachment 4). One described him as "a national treasure."

We request that you approve this justification for non-competitive award based upon the unique capacity of the Co-Director of the Foundation's Division for Advanced Studies in Economics and Management to oversee advanced training of Latin American economics students.

for JB
Drafted: LAC/DP: JFox: 5553a: 11/15/88

Cleared: GC/LAC: GDavidson *[Signature]*
LAC/DP: JAnderson
LAC/DR: TBrown *[Signature]*
GC/CCM: GBisson *[Signature]* 11/15/88

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

October 17, 1988

MEMORANDUM

TO: PPC/EA, Jerry LaFittus
AFR/DP, Jerry Wolgin
ANE/DP, Mike Crosswell

FROM: LAC/DP, James W. Fox *James W. Fox*

SUBJECT: Proposal for Training of Economists

I have attached a proposal from the Marroquin Foundation for economics training for Latin America, to be coordinated by Prof. Arnold Harberger of U.C.L.A. and the University of Chicago. In discussions with Prof. Harberger, we have suggested a number of modifications to the proposal: U.S. training would take place at a number of U.S. universities, rather than exclusively at UCLA; graduate training in business would be excluded from AID financing; and, due to funding limitations, the size of the project would be reduced to fund only 28 Ph.D.s in the U.S. and 61 students for advanced training in Latin America.

I am interested in your professional views on three issues relating to the proposal:

Issue 1: Need for U.S. trained, policy-relevant economists.

Discussion: Our view has been that the number of well-trained Ph.D. level economists in Latin American countries is directly correlated to the quality of economic policy in that country.

Question: Based on your experience with developing country economic policy issues, would U.S. training of additional economists at the Ph.D. level meet an important need?

Issue 2: Choice of U.S. Universities

Discussion: Prof. Harberger has proposed a committee composed of Ann Kruger of Duke, Ronald McKinnon of Stanford and himself to select a group of U.S. universities to provide the proposed economics training, incorporating both quality and policy relevance for Latin America as criteria for the training.

Question: Do you consider the proposed committee for identifying appropriate U.S. universities to be of sufficient stature, diversity, and breadth of experience to provide an solid professional judgment on the issue of appropriate U.S. universities?

Best Available Document

48

Issue 3: Prof. Harberger's unique capability.

Discussion: The attached resumes and lists of former students summarize Prof. Harberger's experience and contacts among both the academic and policy-making spheres in Latin America. His former students, for example, include two Latin Americans who became presidents of their country, eight central bank presidents, five ministers of finance, and numerous other senior policymakers, as well as 80 or more persons holding academic positions in Latin American universities. Our view is that no other U.S. academic economist has experience and former-student network that comes anywhere near that of Prof. Harberger.

Question: Based on your professional knowledge and the additional materials provided, would you consider Prof. Harberger uniquely qualified by experience, expertise, and professional contacts in the region to manage such a program for Latin American students?

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASH-DC 20548

October 19, 1968

MEMORANDUM

TO: LAC/DP, Jim Fox
FROM: AAA/PPC/EA, Jerry La Pittus *JLP*
SUBJECT: Proposal for Training of Economists

This responds to your memo of 10-17-68.

- Issue 1: U.S. training of host country economic talent at the Ph.D. level would fill large gaps in the depth and breadth of the economic talent currently available for better informing LDC policy makers.
- Issue 2: It would be hard to come up with a better qualified committee.
- Issue 3: Professor Harberger is what the Japanese would call "National Treasure". He is unique.

cc: AFR/DP:JWolgin
ANE/DP:MCrosswell

PPC/EA/DA Pittus:VJ/647-8888:Doc #3136A

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20503

October 24, 1966

MEMORANDUM

TO: LAC/DP, James W. Fox

FROM: ANE/DP, Michael J. Crosswell

SUBJECT: Proposal for Training of Economists

I'm responding to your request for my professional views on three issues related to the subject proposal:

1. Based on my experience with LDC economic policy issues in the ANE region and, to a lesser degree in Africa and LAC, it is clearly true that U.S. training of additional economists at the Ph.D. level would meet an important need, provided the economists receive the right kind of training and return to work in their country of origin.
2. I think the proposed committee is ideally constituted to provide solid professional judgment on the issue of appropriate U.S. universities.
3. In particular, Professor Harberger is uniquely and eminently qualified to manage such a program for Latin American students. His is the first name that would come to my mind; it's an outstanding name; and it's hard to imagine an alternative.

Best Available Document

October 27, 1988

MEMORANDUM

TO : LAC/DP, James ~~N. Fox~~

FROM : AFR/DP/PAR, ~~Jerome M. Wolgin~~

SUBJECT: Proposal for Training of Economists

In response to your memo of 10-17-88:

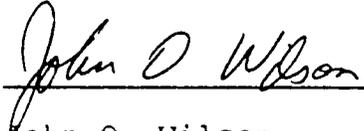
1. I believe the training of Third World economists in the U.S. is of utmost importance in achieving our goal of liberalizing these economies. U.S. training is absolutely necessary to create a cadre of well-trained, pragmatic professionals, sympathetic to market solutions of development problems. We in the Africa Bureau intend to dramatically increase our own training of this sort, and are examining the project proposal you sent us to see if it can form a model for our own efforts.
2. I think the proposed committee is as good a collection of qualified professionals as one could find, and are excellently suited to fulfill the role envisaged.
3. Professor Harberger is an ideal choice to manage this program. He is preeminent among professional economists in the field, widely respected both in this country and in the Third World.

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON DC 20523

LAC-IEE-89-04

ENVIRONMENTAL THRESHOLD DECISION

Project Location : LAC Regional
Project Title : Advanced Training in Economics
Project Number : 597-0042
598-0774
Funding : \$7 million (Cooperative grant)
Life of Project : Seven years
IEE Prepared by : Marilyn Arnold, LAC/DR/EST
Recommended Threshold Decision : Categorical Exclusion
Bureau Threshold Decision : Concur with Recommendation
Comments : None
Copy to : Terrence J. Brown, Director
LAC/DR
Copy to : Joseph Carney, LAC/DR/EST
Copy to : Marilyn Arnold, LAC/DR/EST
Copy to : IEE File

 Date NOV 10 1988
John O. Wilson
Deputy Environmental Officer
Bureau for Latin America
and the Caribbean

53

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON DC 20523

November 9, 1988

MEMORANDUM

TO : LAC/DR/EST, James S. Hester
THROUGH: LAC/DR, Terrence J. Brown
FROM : LAC/DR/EST, Marilyn J. Arnold
SUBJECT: Foundation Francisco Marroquin - Economists

Project Description: To improve the quality of economic policy analysis and implementation skills in Latin American countries that are beneficiaries of A.I.D. development programs. To provide for a long-term participant training program in the region and in the U.S. for the purpose of producing a significant number of professionally-trained economists who can have substantial impact on the quality of economic analysis and policy implementation in the LAC region.

Statement of Categorical Exclusion: It is the opinion of the Project Manager that this project does not require further environmental analysis because its activities fall within the class of actions subject to categorical exclusion, as described in Section 216.2, paragraph c.2.i. and c.2.iii of 22 CFR 216. This section states "Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment," and "Analyses, studies, academic or research workshops and meetings" are types of activities generally excluded from further environmental review.

Recommendation: That you approve the threshold decision of a categorical exclusion for this project given that the activities to be funded are evaluations, training activities and technical assistance which will not directly affect the environment and which are included in the classes of actions not subject to the full A.I.D. environmental assessment procedures.

Wang No. 2025B