

FD-1103-356
6/10/88

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT PAPER

URBAN AND ENVIRONMENTAL SERVICES
PROJECT (608-0221)

USAID/MOROCCO
AUGUST 1994

ACTION MEMORANDUM FOR THE ACTING MISSION DIRECTOR

AUG 10 1994

FROM : Rick Scott, PPPD 

SUBJECT : Urban and Environmental Services Project (608-0221) - Project Paper Approval and Authorization

PROBLEM:

Your approval is requested for the Project Paper for the Urban and Environmental Services Project (608-0221), which accompanies the Urban Infrastructure, Land Development and Financing Program (608-HG-004). The Near East Bureau (now Asia and Near East Bureau) re delegated the authority to approve the project paper and to sign the authorization at the PID stage (1993).

PROJECT SUMMARY:

- A. **Borrower/Grantee:**
The Government of the Kingdom of Morocco (GOM).
- B. **Implementation Agency:**
The National Shelter Upgrading Agency (ANHI) is the lead agency.
- C. **Amount:**
The Project is authorized for \$7,200,000 in grant funds of which \$3,900,000 will be obligated in FY 94 for the first two years of the project. Additional amounts will be obligated each fiscal year of the LOP thereafter.
- D. **Project Costs:**
The total AID contribution is estimated to be \$ 7,200,000 over the life of the project. The GOM will contribute at least \$1,800,000 (25%).
- E. **Project Goal and Purpose:**
Goal: To increase affordable housing opportunities for households below median incomes in Morocco. The goal is shared with the housing guaranty program, Urban Infrastructure, Land Development and Financing (608-HG-004) which this project supports.
Purpose: To increase the capability of the National Shelter Upgrading Agency (ANHI) to improve the shelter conditions in selected Moroccan cities, and to increase the capability of municipalities to provide shelter-related infrastructure and environmental services on sustainable basis.

F. Summary Project Description:

This project (and the housing guaranty program it supports) is built on lessons learned from prior USAID urban development/shelter projects. Tetouan Urban Development (608-0194) and ANHI Low Cost Housing Development (608-0200). Both projects are now ending.

The project will offer technical assistance, training, studies and commodities in support of project purpose. The major beneficiary of assistance will be ANHI, which is the lead agency for the HG-004 program.

Qualitative results of grant funding will include increased management, marketing and financial planning ability of ANHI (which will help its operations become more independent and help assure the agency's sustainability), improved capacity of municipal governments to respond to citizen needs and demands (through better internal management and enhanced consciousness of need for citizen participation in local government), as well as through access to loan financing for (key shelter-related infrastructure development) under HG-004.. Throughout the project, attention will be focused on gender issues, governance/democracy and environmental protection and mitigation needs of Moroccan urban communities.

DISCUSSION:

The Project Paper (PP) for 608-0221 is considered part of the PP for the HG-004 Program approved and authorized in FY 1993. Because of ESF Rescission, the grant could not be authorized at the same time. The document being approved at this time for the grant describes the technical assistance, training and studies planned. All justification for the grant is contained in the approved Project Paper for HG-004 (on file). The HG-004 design satisfied the IEE requirement for both loan and grant. A statutory checklist for the grant is attached.

The grant, as the housing guaranty program it supports, is fully consistent in content with Agency and Mission development objectives and strategy. The current USAID/Morocco Action Plan (1992-1995) focuses on four strategic objectives: increased competitiveness of Moroccan firms, especially in selected export markets; an expanded base of small and medium sized enterprises (SMEs); improved health of children under five and women of child-bearing age and increased availability of affordable housing and services for low income urban families. These objectives are complemented and reinforced by the three cross-cutting themes of improvements in living conditions for women, democratic pluralism, and the environment.

The proposed project is tied directly to the objective relating to affordable housing and services and to each of the cross-cutting themes. As stated in the USAID/Morocco FY 1996 Budget Planning Document, the housing and urban development portfolio advances Agency strategic objectives in health (through improving urban sanitation), economic growth (by encouraging individual investments in housing which also promote microenterprise), environment (through urban environmental protection and mitigation efforts) and democracy (through efforts to improve local governance).

A Mission Review Committee consisting of Project Development Officer, Management Officer, Controller and Acting Mission Deputy Director has reviewed and approved this paper based on previous technical reviews by Regional Contracting Officer, Program Economist, representative of PHR, and other members of the USAID Project Committee (formal reviews held on 9/6/93 and 11/9/93). The document has been modified based on comments received from the committees.

AUTHORITY:

The Near East Bureau (now ANE) provided you with the authority to sign the Authorization of the project in 93 State 59762 (on file).

The Congressional Notification submitted by the Bureau for this Project has expired, and Budget Allowance for \$ 3,9000,000 received in State 175735 (7/1/94).

RECOMMENDATION:

That, pursuant to the Delegation given to you in the guidance cable for the program (93 State 59762), you (1) sign the attached Authorization for the HG, and (2) sign the first page of the Project Paper (Project Data Sheet).

Drafted by: EWKerst:RHO: [Signature], RScott:A/PDPE: [Signature] DATE: 7/21/94
Cleared by: GRender:MO/EXO [Signature] DATE: 7/16
KRomwall:CONT [Signature] DATE: _____
MKraczkiewicz:EAS: (in draft)
JMHoffeld:ADDR [Signature] DATE: 7/26/94

PROJECT AUTHORIZATION

Name of Country : Kingdom of Morocco
Name of Project : Urban and Environmental Services
Number of Project : 608-0221

1. Pursuant to Sections 103-106 of the Foreign Assistance Act, as amended, I hereby authorize the Urban and Environmental Services Project for Morocco (the "Cooperating Country") involving planned obligations of not to exceed seven million two hundred thousand United States Dollars (\$7,200,000) in grant funds over a four year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help finance foreign exchange and local currency costs of the project. The planned life of project is five years from the date of initial obligation.

2. The project consists of technical assistance, training, studies, commodities and related support capability of the National Shelter Upgrading agency (ANHI) to improve shelter conditions in selected Moroccan cities, and to increase capability of municipalities to improve shelter-related infrastructure and environmental services on a sustainable basis.

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

Source and Origin of Commodities, Nationality of Services

(1) Except for ocean shipping or as otherwise provided below with respect to local cost financing, goods and services financed by USAID under the Project shall have their source and origin in the United States, with respect to goods, and their place of nationality in the United States with respect to suppliers of goods or services, except as USAID may otherwise agree in writing. Ocean shipping financed by USAID under the Project shall, except as USAID may otherwise agree in writing, be financed only on flag vessels of the United States.

(2) All locally financed procurements must be covered by source, origin and/or nationality waivers as set forth in Handbook 1B, Chapter 5, with the following exceptions:

(A) Locally available commodities of U.S. origin, which are otherwise eligible for financing, if the value of the transaction is estimated not to exceed the local currency equivalent of \$100,000 (exclusive of transportation costs.)

(B) Commodities of Geographic Code 935 origin if the value of the transaction does not exceed \$5,000.

(C) Professional services contracts estimated not to exceed \$250,000,

4.

(D) Construction service contracts estimated not to exceed \$5,000,000.

(E) The following commodities and services which are available only locally:

(i) Utilities including fuel for heating and cooking, waste disposal and trash collection;

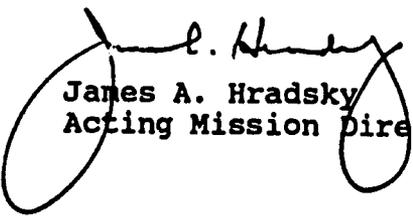
(ii) Communications-- telephone, telex fax, postal and courier services;

(iii) Rental costs for housing and office space;

(iv) Petroleum, oils and lubricants for operating vehicles or equipment;

(v) Newspapers, periodicals and books published in the Cooperating country; and

(vi) Other commodities and services (and related expenses) that, by their nature and as a practical matter, can only be acquired, performed, or incurred in the Cooperating Country. e.g. vehicle maintenance, hotel accommodations etc.


James A. Hradsky
Acting Mission Director

DATE: August 8, 1954

Drafting Officers: RScott: PPPD: in draft

EWKerst: RHO: in draft

Clearances: RScott: A/PPPD: in draft

NKromwall: CONT: in draft

JMHolfeld: ADDIR: draft

GRender: MO: in draft

GBisson: GC: by email + fax (Reversion)

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AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT DATA SHEET

1. TRANSACTION CODE
 A = Add
 C = Change
 D = Delete
 Amendment Number _____

DOCUMENT CODE
3

2. COUNTRY/ENTITY
Morocco

3. PROJECT NUMBER
608-0221

4. BUREAU/OFFICE
ANE

5. PROJECT TITLE (maximum 40 characters)
URBAN & ENVIRONMENTAL SERVICES

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)
MM DD YY
1 2 3 1 9 9

7. ESTIMATED DATE OF OBLIGATION (Under "B." below, enter 1, 2, 3, or 4)
 A. Initial FY 9 4 B. Quarter 4 C. Final FY 9 8

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

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(280)	(170)	(450)	(4,300)	(2,900)	(7,200)
(Loan)	()	()	()	()	()	()
Other U.S.						
1. Host Country	0	200	200	0	1,800	1,800
2. Other Donor(s)						
TOTALS	280	370	650	4,300	4,700	9,000

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) DP				0	-	3,900		7,200	
(2)									
(3)									
(4)									
TOTALS									

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

11. SECONDARY PURPOSE CODES

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

A. Code _____
B. Amount _____

13. PROJECT PURPOSE (maximum 480 characters)

To increase the capability of the National Shelter Upgrading Agency (ANHI) to improve the shelter conditions in selected Moroccan cities, and to increase the capability of municipalities to provide shelter-related infrastructure and environmental services on a sustainable basis.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
 0 6 9 6 0 6 9 9

15. SOURCE/ORIGIN OF GOODS AND SERVICES
 000 941 Local Other (Specify) _____

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page IF Amendment.)

Comment: Accompanies 608-HG-004 *T. Edward Rommell*

USAID/Morocco Controller approves the proposed methods of implementation and financing

17. APPROVED BY

Signature: *[Signature]*
 Title: Acting Director
 Date Signed: MM DD YY
 0 8 0 9 9 1 4

18. DATE DOCUMENT RECEIVED IN AID/S, OR FOR AID/AMENDMENTS, DATE OF DISTRIBUTION

MM DD YY

Abbreviations and Acronyms

ANHI	Agence Nationale de lutte contre l'Habitat Insalubre National Shelter Upgrading Agency
BCP	Banque Centrale Populaire Central People's Bank
BGE	Budget Général d'Etat National Budget
CDG	Caisse de Dépôt et de Gestion Insurance and Pension Fund Administration
CIH	Crédit Immobilier et Hôtelier Housing and Hotel Loan Bank
CUS	Coefficient d'Utilisation des Sols Ground Use Coefficient
DGCL	Direction Générale des Collectivités Locales Directorate General of Local Governments
DPH	Délégation Provinciale d'Habitat Provincial Ministry of Housing Office
FEC	Fonds d'Equipement Communal Communal Infrastructure Fund
MOD	Maîtrise d'Ouvrage Délégué Owner's Delegated Representative
MOF	Ministère des Finances Ministry of Finance - Treasury
MOH	Ministère de l'Habitat Ministry of Housing
MOI	Ministère de l'Intérieur Ministry of Interior
PDU	Projet de Développement Urbain Urban Development Project Management Unit
ZAC	Zone d'Aménagement Concerté Special Land Development Area

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PROJECT PAPER URBAN AND ENVIRONMENTAL SERVICES PROJECT 608-0221

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Assistance Checklist

**DESCRIPTION OF URBAN AND ENVIRONMENTAL SERVICES PROJECT
608-0221 (COMPANION TO HG-004)**

Note: This chapter of the Project Paper for the Urban Infrastructure, Land Development and Financing Project (HG-004/608-0221) contains the requisite material to describe the planned uses of the \$7.2 million grant under 608-0221. All background information and justification for the grant are found in the rest of the Project Paper and not repeated here. Use of the official title for HG-004 as the title for the grant as well initially led to some confusion in Washington over the nature of the grant assistance (and calls from U.S. construction firms seeking infrastructure construction contracts). The title of project 608-0221 has been modified to be more descriptive: Urban and Environmental Services. The grant will not be involved directly in infrastructure development, and there will be no construction contracts using this source of financing. For sake of simplicity, the Urban and Environmental Services Project is described hereafter as "the grant" and the housing guaranty program it supports (Urban Infrastructure, Land Development and Financing) as "HG-004."

A. Introduction

The Urban Infrastructure, Land Development and Financing Program (HG-004) is accompanied by a planned \$7.2 million grant to the Government of Morocco (Project 608-0221), which will provide assistance to key agencies involved in HG-004 implementation. These agencies include the National Shelter Upgrading Agency (ANHI), the Communal Infrastructure Fund (FEC), the Directorate of Local Governments in the Ministry of Interior (DGCL), selected municipalities and other appropriate agencies, as determined. The project shares the purpose of the larger program: to increase the capability of ANHI to improve the shelter conditions in selected Moroccan cities, and to increase the capability of municipalities to provide shelter-related infrastructure and environmental services on a sustainable basis. The grant will provide targeted technical assistance (mostly short-term in nature), training and studies, and essential equipment (computers, in particular) in support of the program. ANHI is the major beneficiary of project assistance throughout. It is intended that ANHI will not require USAID-financed management assistance after PACD of this grant.

The project is designed to take advantage of lessons learned from the Tetouan Urban Development Project (608-0194) and the ANHI Low-Cost Housing Project (608-0200), as well as from other, discrete technical assistance and training activities undertaken by USAID/Morocco in support of housing and urban development efforts, broadly defined. The project budget is estimated at \$7.2 million over a five year period, with most activities planned to take place over a four year period (starting in year two). The project structure and design have been kept as flexible as possible, as

technical assistance and training needs will evolve over the grant life.

B. Description of the Project-Financed Inputs

An important feature of HG-004 is institution building. As stated in the approved program design, the primary objectives of the technical assistance program are: 1) to support improvements in ANHI's capacity to manage an increased volume of activity (development of a larger number of serviced housing lots per year); 2) to strengthen the development of municipal government capability to take the initiative in identifying, designing and managing land development and infrastructure projects; and 3) to improve environmental planning and management capacity, principally at the local level. These main objectives include cross-cutting themes of democratization and participation.

Institution building will be achieved through technology transfer, training, and long- and short-term technical assistance. A range of institutions and groups will be direct beneficiaries of project assistance. The major targets for assistance are ANHI, FEC, and up to ten municipalities (a list of potential municipalities is included in the Project Paper for HG-004, the actual sites may shift depending on financial eligibility and other loan-related factors). ANHI will receive assistance throughout the life of project, with other beneficiaries receiving periodic assistance (municipalities, for example, may be involved only in later years). The technical assistance to ANHI is essential to ANHI's meeting of conditions precedent under HG-004, which include management and financial status measures. An objective of the project is to prepare ANHI for eventual operational independence (within the legal definition for a parastatal in Morocco), without requirement for a third phase of grant assistance of this kind from USAID.

In the Project Identification Document for this project, the technical assistance, training and studies (and commodity support) were described in terms of assistance to ANHI, FEC, municipalities, DGCL, etc. and the budgets were drawn up to reflect this division. This approach has been discarded, as services provided to ANHI, for example, may also benefit FEC. However, it should be kept in mind that ANHI will be the most important beneficiary of grant assistance, as the institution-building of ANHI is a major objective of the Program. This priority to ANHI will be made clear to the GOM in the Grant Agreement.

As stated above, the project draws on models of past technical assistance provided with HG programs in Morocco. However, in terms of management structure, the project diverges from the earlier models. In the past, the grants accompanying HGs 001 and 003 have been used to finance short-term technical assistance, studies, training and evaluation, with management directly by the Regional Housing Office (RHO) and USAID/Morocco as a whole. This approach,

which involved several contracts operating simultaneously, is not workable under HG-004. This program is too big and too complex to be successfully managed in this way; it would create too much of a management burden on the Mission. Instead, one institutional contract (which allows for sub-contracts) will be executed which will offer almost all services under the grant. An exception is made for evaluations and audits, for short-term assistance which is needed before the contract can be signed, for some highly specialized services that can best be obtained through direct buy-in by USAID, and for some training in support of RHUDO regional activities.

In addition, the grant will finance certain of USAID's monitoring costs, in particular the cost of two professional Moroccan advisers and one secretary at RHO. There are already two professional positions in RHO financed with project funds. As the projects under which they are financed phase out, these individuals (or other qualified candidates in case of resignation of the incumbents) will be financed under 608-0221. This project will require at least this level of effort for technical oversight and monitoring by USAID, especially as there is only one USDH position in the office. The secretarial position will be one individual devoting a majority of time to project-related work (switching funding sources for an existing position). As the RHO has an OE-financed administrative assistant, it should be feasible to segregate functions of the two support staff sufficiently to allow one to transfer to project funding.

The project institutional contract will be direct-A.I.D. with a U.S. organization, which may subcontract. At least 10% of the value of the contract must be awarded to eligible Gray Amendment organization(s). It is planned to allow as much flexibility as possible within A.I.D. contracting rules in force for short-term technical assistance (T.A.), training and studies portions of the project and contract. The Program is complicated and involves many actors in public and private sectors. Municipalities to be involved in the Program will not be selected until after commencement of the Program (as they will have to meet a number of technical criteria to be considered for involvement in the housing guaranty program). Hence it is difficult to determine exactly how many person/months (p/m) of T.A. are needed to build up municipality procurement functions or budgeting systems, for example, as the needs of the selected governments will vary. Technical assistance and studies treating policy reform issues, such as infrastructure standards, also need to be defined during Program life. USAID is not the only organization seeking change in financial markets, zoning, urban planning, etc. Studies planned for Year Four or Five of the project cannot be too tightly planned at this point.

Therefore, USAID proposes to provide to offerors a general description of services needed and an estimate of budgets for

short-term technical assistance, training and studies to allow institutions bidding on the project to explain from which key institutions they would obtain particular types of services on a short-term basis (or whether they would opt for contracting with individuals or already have staff with these skills).

The contractor will carry out a needs assessment for training and short-term technical assistance as its first activity. USAID has received a number of training suggestions from consultants and cooperating institutions already, which the contractor should review as a potential basis for the training and T.A. plans. All training planned under the project is short-term, both on and off-site (in Morocco, some training and/or study tours to other countries, including the United States). No long-term training is planned under this grant. However, USAID will seek opportunities for degree training related to this program under other bilateral and central training projects. This system has been used in the past.

The institutional contractor (IC) for the project will work as a discrete unit, with funding to rent office space in Rabat. The IC will be under USAID oversight. The contractor will submit annual work plans to USAID, which can be adjusted during the year. The work plans will include proposals for work with particular GOM/private sector entities, and include indications that these plans have been agreed to by the entities involved. The plans will include separate sections on training, commodity procurement, budget, etc. USAID/RHO will hold semi-annual formal meetings with key agencies involved in the project and HG program, which will include review of the status of the technical assistance/studies/training offered under the contract (and the modest amount contracted directly by USAID). RHO maintains close working relations with its key counterparts, meeting frequently with the central government agencies, and making site visits to cities involved in its programs. Hence there will be ample opportunity for informal agreement on the nature and timing of project inputs.

The Government of Morocco will be responsible for making a 25% contribution to the total cost of the project. Past experience with RHO projects in Morocco has been positive in this regard. The Moroccan agencies have been dependable in making the contributions necessary for the advancement of the project. The management and reporting system for host country contributions (HCC) will be defined following 1993 USAID/Morocco guidance (Mission Orders).

1. Long-term Technical Assistance

The Project Identification Document (PID) for this project, as well as recommendations from the contract team which helped design HG-004, called for 3-4 long-term experts to work under the project. After careful consideration of the pros and cons of this approach,

discussion with some of the key cooperating agencies in Morocco, and reduction of the anticipated life of project budget from \$10 million to \$7.2 million, the proposal is changed to call for two long-term professional contract employees for a total of approximately 70 person/months (estimated to be one person for about 4 years, the other 2 years), who will be responsible for coordination of the project activities in the field. The two professionals, who will have an office and support staff in Rabat, will work with the Moroccan agencies involved in HG-004 to identify short-term technical assistance, training and commodity needs, as well as help develop terms of reference for studies planned under the project. The team will work with the contractor home office to field such individuals, procure equipment, etc. It may be convenient for the contractor to subcontract with a Moroccan firm for certain aspects of this work. This decision will be left to the contractor (subject to advance approval of USAID for its methods of implementation).

The reduction in the size of the resident T.A. team is made based on consideration of the wide variety of T.A. and training needs of the various institutions which will be involved in HG-004. It appears unlikely that a single individual, for instance, will have broad enough skills/experience in financial management, for example, to fulfill all the needs of the various parties. And it is likely that the needs for T.A. will overlap, meaning that several financial management specialists might be needed during a single time period, each working on short-term assignment for a particular institution or in a different region of the country. Hence we have decided to stress the capacity of the institutional contractor to assess T.A. and training needs, and to field appropriate personnel for the tasks. This will still require, in our opinion, professional cadres in Rabat, who will in some cases offer technical assistance themselves rather than recruit others for particular tasks.

As stated above, the technical assistance component will include approximately 70 person months of long-term, in-country assistance by two technical specialists. One of the two individuals may be hired locally (Moroccan or U.S. national preferred). Previous experience in housing programs in Morocco has demonstrated the value of U.S.-Moroccan partnerships in technical assistance, studies and training. The contractor will have a fund to hire support staff, to include bookkeeper, secretaries, etc. The long-term technical assistance personnel are:

A Chief of Party (COP) who will have overall responsibility for coordinating project activities, developing work plans, drafting scopes of work, coordinating Program monitoring activities, and managing the delivery of all inputs financed under the grant (short-term technical assistance, training and seminars, and commodities). The individual will be responsible for leading policy dialogue aspects of contractor work. The individual will

supervise all short-term consultants. The COP should have skills in one or more of the major domains of the project (e.g., urban planning, housing, finance, environmental issues), with degree in urban planning, regional/environmental planning, architecture, economics/finance, civil engineering or related fields preferred. Further qualifications will be detailed in the Request for Proposal (years of professional experience, language ability, etc.). 46 p/m planned.

The second long-term professional staff member should be a Shelter Sector or Urban Planning Specialist. This individual will provide technical assistance services in all areas of the project/program relating to shelter and urban development, and will serve as coordinator of studies, training and short-term T.A. in those domains. The (Shelter/Planning) Specialist will also have responsibility for assisting in the establishment of the national information clearinghouse (observatory) to be set up in ANHI for benefit of public and private sectors. The specialist will also help USAID set up and maintain impact monitoring systems for the Program. Further qualifications will be detailed in the Request for Proposal (years of experience, language ability, etc.). 24 p/m planned (first two years of contract).

The institutional contractor may wish to rearrange tasks, or to modify number of work-months per person, depending on individuals selected. This is acceptable, as long as all essential tasks are covered and the modifications do not make for excessive costs. It would be preferable for the two team members not to have identical academic and technical backgrounds.

The cost of long-term technical assistance and support staff is estimated at \$2.8 million, excluding contractor fee. This includes overhead on salaries, support costs, travel, office rental, procurement for household and office, all costs of local staff, etc. If one of the two long-term positions is filled by a person recruited in country, this budget could be reduced slightly.

2. Short-term Technical Assistance

A budget of \$1.4 million will finance approximately 120 person months of short-term technical assistance, of which an estimated 60% from U.S. sources and 40% from Morocco (through local sub-contract and/or individual contracts with individuals by the lead organization). Of this, USAID will reserve for its own use approximately \$400,000 (20 p/m of services) to be able to finance any urgently needed services prior to arrival of the contract team, and to have a modest amount of money available for buy-ins (e.g. successor to WASH project or EP3 project for environmental issues). Following are the general categories for short-term T.A. (order does not necessarily indicate priority):

Financial Management

Assistance to ANHI in the installation of financial management and planning systems. The intention is to help ANHI reach the level of internal management capacity that it can qualify for "Contrat Programme" relationship with oversight agencies (Ministry of Finance), using the model of other parastatals (ONE, ONEP). The technical assistance will support the development of those financial functions which are critical to the ability of ANHI to absorb the increased volume of activity, maintain its financial equilibrium and manage its financial resources. The assistance will focus on the implementation and training for those functions which are conditions precedent to the release of loan funds: the financial planning function and techniques, the financial control function and the improvement of ANHI's financial accounting and information systems. The assistance will also focus especially on resource management, since at the end of the HG program life, ANHI will need to mobilize other resources if it is to maintain a growing volume of production.

Assistance to FEC, as needed, in determining the financial management associated T.A./training needs of the individual municipalities included in the Program. There may also be occasional needs for T.A. for FEC in highly specialized aspects of financial management. All T.A. to FEC will be coordinated with the World Bank, which has a major program with FEC (but very limited direct technical assistance, as it is a loan program).

In years 3-5, assistance to selected cities to strengthen municipal financial organization and management, to include establishing systems for local resource generation. This is a continuation of types of assistance offered to Tetouan. The contractor will use lessons learned from that project (to be evaluated in mid-1994) in planning T.A. The assistance will take into consideration basic management/financial training offered under World Bank funding (which is expected to start in 1994) for municipal employees throughout the country.

- Urban/Environmental Planning

Short-term assistance to the Ministry of Interior (environmental under-secretariat), Ministry of Housing and other central agencies in defining a coordinated approach to environmental planning for urban areas. This assistance will be coordinated with World Bank and other donor assistance on environmental issues.

Assistance to selected municipalities to support efforts at decentralizing urban planning and environmental management activities. This will include assistance in the revision or urban development master plans, in the review and/or completion of sewerage master plans, and the like. The expert(s) will also be responsible for leading efforts (which may require use of training and studies) to strengthen local environmental assessment capabilities with a view to environmental sustainability.

Consultant expertise will be applied to bringing environmental impact assessment into the earliest stages of urban plan updating and land development and infrastructure project design. This technical assistance will be provided to ANHI, selected local governments, and to the urban planning directorate of the GOM. The assistance will be directly linked to development of specific projects.

- Institutional/Organizational Development/Participation and Democracy

The Tetouan Urban Development Project provides a model for working with municipal governments on a wide range of issues relevant to urban development and local decision-making. The underlying idea is that working to build capacity of local governments not only makes the investment of the housing guaranty program more likely to succeed, but helps move the society towards participatory democracy. The short-term assistance under the project will be based on assessments of individual cases (and will be coordinated, to the extent possible, with activities under other USAID projects and by other agencies). The assistance will include:

Assessment of human resource needs and identification of training requirements at each of the selected municipalities. Assistance in the organization and establishment of project management units. Assistance in community participation issues/democracy (to be determined based on needs assessments in particular localities selected). This activity will be coordinated with RHUDO/Tunis, which is experimenting with participation models in Tunisia, and has knowledge of other potential models for community participation in the region (e.g., Turkey, Jordan).

Brainstorming and other management training sessions for ANHI, following on assistance offered under 608-0200.

Continuation of short-term assistance to FEC, as it reorganizes and increases staffing.

- Management/Geographic Information Systems

A first task will be implementation of assistance already requested by ANHI in setting up its own GIS, based on studies conducted under 608-0200.

Consultants will carry out automation needs assessments in a few selected municipalities, propose appropriate systems based on actual needs, and provide training in the use of selected equipment and software (including management information systems in general, geographic information systems, accounting software, etc.). Geographic information systems will be introduced in one or more localities, one of which may be in Rabat as a central planning unit for urban applications of GIS. The sites will be selected

competitively, as GIS use will require investment in human resources by the municipalities/central government (skilled computer programmers are needed), as well as a commitment to use the GIS for decision making (cost recovery, planning of sewer systems, planning of other urban services, tax collection and a range of other options). Technical assistance will be combined with training and commodity purchase in this case. It is expected that most hardware will be purchased by the municipalities themselves. To the extent possible, GIS work will be conducted by or coordinated with that of local institutions such as CERAU, the urban research institute of the GOM.

Regional utility authorities have expressed interest in using U.S. software for GIS. Some T.A. and training (but no equipment) may be offered to authorities which work in areas benefitting from housing guaranty programs.

• Housing Finance: Market Analysis

One of the areas of policy dialogue under the Program is housing finance. There are various subjects which may need particular technical assistance under this project (the situation is highly fluid, however, and other donors may take on some of this work, hence the following list is indicative). Consultants would identify and work with the most appropriate local banks and other financial institutions to develop concepts and procedures which will enable them to provide loan financing to both builders and buyers in the future, particularly for ANHI projects. The T.A. will yield the following types of output (note, in some cases the preliminary work will be completed prior to commencement of grant activities under this project):

- 1) Descriptions of the types and source of financing currently available to project area housing developers and buyers; and identification of the types of structural obstacles to improving the availability of housing financing to developers and buyers in these areas. Discussions of policy with Ministry of Finance and Central Bank.
- 2) Analysis of costs and benefits of interest rate subsidy schemes, with view to reform or elimination.
- 3) Identification of which specific banking institutions are in a position to provide the needed financing to housing developers and buyers for ANHI projects country-wide and/or in the specific project area; and develop the concepts and mechanisms which will permit such financing to be made available for ANHI's projects.
- 4) Working with the Ministry of Finance and banks, identification of savings/loan systems which can be introduced for lower income households (using models from other countries). An example may be use of postal savings plans. Design of pilot programs.

5) Provide training programs designed to give bankers access to the concepts and techniques involved in extending housing finance, both developer financing and mortgage financing (see training section).

3. Training

Before undertaking any training under the Project, the contractor will carry out an overall needs assessment, then prepare a general proposal for life of project, with specific proposals for year one (and then annually). Short-term training has been a major element of previous RHO programs. The training has consisted of special seminars/workshops designed for particular clients (e.g., on municipal finance systems) and participation in off-the-shelf courses (e.g., seminars offered by U.S. universities), study tours and conferences. Using lessons learned from Tetouan and ANHI projects and information on training available from relevant U.S. institutions, the contractor should be able to formulate a training plan for ANHI, FEC and other central agencies within the first three months of contract start-up. Training plans for municipalities will have to be more flexible (perhaps a menu of training, based on previous experience) and will need to be developed further during project life. There are certain types of training (management, project analysis, etc.) which will be needed by all agencies involved in the program. In this and other aspects of the Project, attention will be paid to gender issues and participation of women will be mandated.

A modest fund will be set aside by USAID for training relating to the RHUDO/NENA program (attendance of Moroccan counterparts at seminars and workshops once or twice a year for project life). Training to be undertaken during Program implementation could include the following types of courses. The list is illustrative, and will be defined in greater detail following a needs assessment by the institutional contractor.

Strategic Planning/Market Identification:

Training and technical advice will help ANHI refine its capacity to assess the market for its products at a time when volume is increasing and operations are more dispersed. The assistance will help ANHI develop a data base so that strategic decisions can be made about the appropriate location, type of product and scale of intervention.

Identification, Design and Management of Infrastructure Projects:

Training programs (workshops, seminars) will be directed at encouraging municipal government officials to identify and design needed infrastructure projects, and to follow this activity with lobbying for their cause with the appropriate central government

offices that control spending, or with the FEC. Pilot projects will be used in towns where ANHI is operating or planning operations. In this way, infrastructure needs can be identified in the context of the problems of substandard housing.

Design and testing of programs for private sector provision of public services (including infrastructure construction).

Project Analysis and Design:

This type of training will be valuable for all of the agencies involved in the Program. There are various models for such training available already, which could be implemented on a gradual basis (starting with ANHI and FEC, with selected municipality personnel receiving training later in the Project life).

Management Skills:

This is generic training that can be offered to the entities involved in the Project on an individual agency or group basis (mixing Rabat agencies, for example). Again, the training could be provided in segments, starting with a training-of-trainers session(s) in Rabat. The training could then be tailored for needs of specific entities. There are a number of institutions which specialize in this sort of training, which is not tied directly to urban planning or housing development. ANHI has already benefitted from this type of training, but could use periodic follow-ups (and training for newer and more junior employees).

Environmental Issues:

There are a variety of environmental awareness seminars or workshops which will be conducted (the Planner in the T.A. team will be responsible for designing/commissioning the design of such workshops). In addition, specific technical training may be needed on subjects such as how to conduct an environmental analysis (including environmental assessments and environmental impact assessments), how to run a landfill, how to conduct a needs assessment for sewer systems, etc. The Programmatic Environmental Assessment conducted as part of program design in this case includes a menu of training from which the project can choose as needed. The Planner will work with the Under-Secretariat of the Environment in the Ministry of Interior and other appropriate agencies to plan training programs dealing with environmental issues.

Training of Trainers:

Any training which needs to be replicated, or could serve as a model for other entities, will feature a training-of-trainers approach. Additional training activities, seminars, and short-term

studies will be identified by the technical assistance contractor during the first six months of project implementation.

The budget for training is just \$0.6 million, not counting contractor fee, of which \$500,000 is to be managed by the institutional contractor and \$100,000 by USAID (for activities which should take place in Year One and participation in RHUDO training events). If possible, supplementary funds (for joint or parallel activities) will be identified from central USAID resources and some training can be piggybacked on other donor-provided training (the World Bank has grant funds for basic training of municipal employees, for example). Some of the training which is described as discrete activities above may actually be combined in application (for example, one contractor could provide a series of management training seminars for various institutions).

4. Studies

There are a variety of studies planned for the project. Some can be conducted as part of the duties of the T.A. team, or as part of the task of a short-term consultant. Others will be commissioned locally, with the institutional contractor taking management responsibility.

Following are examples of the studies planned:

Zoning and infrastructure norms and standards: It is widely held that the overly restrictive rules of zoning and infrastructure construction in Morocco make the production of affordable housing sites unnecessarily difficult. A study of the two sides of this issue (urban planning, infrastructure) is planned in Year Two of the project. The study will be followed by workshops or colloquia to discuss findings and to draw up action plans for reform.

Housing finance: There is need for more general understanding of the current systems in Morocco (or lack thereof) and of prospects for change. Such a study could take the form of a study tour to countries with successful housing finance systems for households below median income (could be combined with short-term T.A. or subsumed under it).

Socio-economic studies: Socio-economic studies with qualitative components, need to be built into the project, with surveys conducted by Moroccan researchers on subjects such as beneficiary ability and willingness to pay for housing/infrastructure produced, beneficiary satisfaction with housing (evolution over time, if possible), actual occupancy of slum rehousing lots (do beneficiaries resell?), approaches to cost recovery (what are residents willing to pay, how are they willing to pay?). Such surveys and studies can be conducted by Moroccan institutions,

under purchase order or other contractual arrangement with the institutional contractor.

Note also that organizations benefitting from loan funds will conduct feasibility studies using their own resources (which may include loan funds). Such studies include site surveys, environmental reviews, engineering surveys and plans, socio-economic surveys, etc.

A budget of \$500,000 is set aside for studies, of which \$400,000 will be controlled by the institutional contractor and \$100,000 by USAID (for use in first year of the project, for example if an audit needs to be conducted in ANHI and other funds are not available for it).

5. Commodities

Commodities to be procured with grant funds will include: commodities for the institutional contractor's use in country: vehicles, office furniture, residential furnishings, computer hardware and peripherals, office equipment. Additional automation equipment and selected other commodities (e.g. some vehicles for site supervision for municipalities) will be procured for the implementing agencies, following the completion of required needs assessments. Buy America provisions will be followed; no waivers are expected to be needed. Commodities will be purchased by the institutional contractor. The budget for commodities is estimated at \$720,000 without contractor fee, of which \$550,000 for the GOM and \$170,000 for the contract team use and eventual transfer to the GOM.

As noted elsewhere, procurement of computers and software (combined with use of short-term technical assistance and training) has been an especially successful example of Buy American in RHO projects. There is great enthusiasm for software developed in the United States which is available in French (both off-the-shelf and specially adapted versions). It is anticipated that computer-related purchases will be the major procurement for municipalities involved in the program. The program will assure that computer systems used by municipalities are compatible, so that management information systems used in various divisions of the government can share information easily. Computer purchases will be on a cost sharing basis as part of the 25% host country contribution.

6. Program Management Support

Two local hire (Moroccan or American) Program Specialists (architect, city planner, housing finance expert or other appropriate background) will be financed for the anticipated project life. It is anticipated that the two individuals currently being financed from other projects (which end in September 1994 and September 1995, respectively) will be transferred for this

purpose. If one or both should leave, new individuals will be recruited. A secretary will be financed as well. A budget of \$725,000 will be set aside to cover salaries/benefits and all associated costs (travel, vehicle use, training, etc.) over life of project. The Program Managers will work under the direct supervision of the USAID RHO and will be responsible for the day-to-day implementation of the program.

7. Audits and Evaluations

The technical assistance grant component will support two evaluations, one mid-term at the end of year two and one final at the end of year five of project implementation. The Grant will also fund periodic external audits.

For evaluations \$100,000 is budgeted, \$120,000 for audits.

Two external evaluations are planned during the five-year implementation period. The first, a mid-term evaluation, will take place during the third year of the project, not earlier than 24 months after the arrival of the technical assistance contractor. This evaluation will focus on implementation progress: the quality and appropriateness of the technical assistance; the delivery of project inputs; the validity of the constraints identified during the project's design; the commitment of the GOM to the project's objectives; and the progress made by the implementing agencies towards meeting objectives. Special attention will be paid to progress in the following areas: identification of means to reduce the cost of land development; involvement of the private sector in production of low-income plots; and the involvement of the banking sector to provide financing for land purchasing and housing construction for the target beneficiaries. The evaluators will identify implementation bottlenecks and will propose appropriate recommendations to address and correct identified problems.

The second, a final evaluation, will be conducted prior to the departure of the technical assistance contractor, near the end of year five of project implementation. It will measure progress towards achievement of outputs and purpose-level objectives. The issue of sustainability will be given particular attention: ANHI's financial viability and progress on identifying sources of financing other than external donors and beneficiary payments; replication and replicability of model used in improving shelter conditions in the selected municipalities; and cost recovery at the municipal level for the provision of basic infrastructure and environmental services.

The evaluations will be also track progress of the HG-004 loan program itself. This aspect of the evaluation/monitoring plan is discussed in Section III of the Project Paper for HG-004.

Audits will be conducted following USAID regulations in force. The nature of audits to be conducted will depend on the types of procurement to be undertaken. It is not planned, at this point, to use host country contracting (there may be minor cases in years one or two to facilitate implementation). Most project activities will be implemented by an institutional contractor. Normally such institutions are subject to financial audits in the United States. Responsibility for these types of audits will be with the cognizant AID/W office. USAID/Morocco will conduct periodic in-country financial reviews of the contractor, using a local qualified IQC firm. USAID is responsible for assuring that any direct local procurements of more than \$25,000 per year are made to auditable entities. These types of direct contracts will also be subject to periodic financial reviews.

Audits of agencies receiving loan funds under the HG are to be conducted by the Government of Morocco using its funds. In case this cannot be negotiated (GOM audits may not cover the full range of issues that a U.S. audit normally does), then funds in the line item for short-term technical assistance under the institutional contract may be used (or, if such funds are not available, a special request may be made for Project Development & Support funds [DSTS project or other] from the Mission.)

C. Project Outputs

Planned project accomplishments are presented with HG Program outputs in Section II.C of the attached Project Paper. In addition, the grant funding will in itself lead to the following outputs:

- ANHI has institutional capacity to act as a private sector land development agency:

internal control systems in place and functioning, allowing government oversight agencies to conduct ex-post supervision without audit problems ensuing;

financial planning conducted on a regular basis and serving as a decision making tool for ANHI management;

ANHI staff trained in management skills, financial planning/management, marketing and associated business skills; success evidenced by external reviews and audits;

ANHI is capable of increased financial autonomy and administrative independence from oversight agencies.

- Government agencies involved in program (includes ANHI, DGCL, FEC, selected municipalities) have key staff who have received training in environmental review methods, in addition to larger

number of personnel who have received exposure to "sensitization" training on urban environmental issues.

- Personnel of selected municipal governments have benefitted from training in management (nature of training dependent on needs assessments), are able to evidence skills acquired through organization and management of infrastructure upgrading and other projects conducted with HG loans.

- Management information systems (MIS) and/or geographic information systems (GIS) and other computer software programs (such as accounting and budgeting systems, inventory systems, etc.) are in use in ANHI and other selected institutions, and provide planners and project managers with planning tools which a) facilitate medium and long-term urban planning, b) provide for systematic cost accounting and cost-recovery forecasts, as well as record keeping.

- One of more municipalities involved in the program have tested contracting to the private sector particular services which were previously government monopolies.

- FEC will have an internal control and audit capability, will have reorganized and upgraded staffing, and will have incorporated environmental reviews fully into its procedures. Note, some of the improvements in FEC may actually take place prior to the commencement of the project, thanks to assistance being offered under other USAID and World Bank projects.

The specific infrastructure development/neighborhood upgrading activities to be undertaken by municipalities under HG loan financing will benefit directly from technical assistance, studies and training (and commodity support as above) provided under the grant. As the needs of each city will be somewhat different, the specific plans for assistance will be designed on the basis of on-site surveys to be conducted by the contract team and/or local sub-contractor(s).

D. Implementation Plan

Full activities under the project will not start until Year Two of its life, given the decision to group almost all activities under a single direct-A.I.D. procurement. It is anticipated that the contracting process for the institutional contract will require most of the first year after Grant Agreement signature. Some money in this project is being set aside for key short term assistance, studies and training in Year One. This money will be managed by USAID directly. The institutional contract will be signed for a 4 year period.

E. Procurement Plan

After signature of the Grant Agreement for the project, and satisfaction of conditions precedent to initial disbursement under 608-0221 (GOM submission of authorized signatures and other standard C.P.s), USAID will issue a PIO/T (and RCO an RFP) for the institutional contract, using standard contracting practices (announcement in Commerce Business Daily, etc.). It is anticipated that the contracting process will require 9 months. Hence the team to be recruited under the contract is not expected to arrive in country until around the beginning of the second year of the project. Please see attached table showing anticipated implementation schedule.

Full and open competition will be used. USAID finds no justification for restriction of competition.

As noted elsewhere, the institutional contractor will control most of the funds under the grant. The contractor will carry out procurement, will field a long-term team, and will provide short-term T.A., studies and training through its own resources or through arrangements with other U.S. and/or Moroccan institutions and individuals.

A direct-A.I.D. contract is the preferred method of procurement of services. There is no single Moroccan government unit which would be appropriate contracting office if a host country contract (HCC) were used. This project will work with a number of agencies, each of which is likely to compete against the others to receive the most services, commodity support, etc. Further, a review of contracting capacity of the various Moroccan agencies involved with the program has not suggested a capacity to deal with such a large contract, although they have managed smaller procurements successfully. The type of service called for under the project also does not lend itself to a Cooperative Agreement, as AID will want to have close oversight and direct involvement in the project activities. There are a number of U.S. institutions which, using subcontracts, should be able to provide the types of services called for in the project design. It is recommended that U.S. institutions also work with Moroccan firms/universities in carrying out the project. There are a number of institutions in Morocco which are well qualified to provide technical assistance and to carry out studies on issues of interest to the project.

There may be interest in entering into additional agreements with U.S. municipalities under the infrastructure component of HG-004. This would require use of some of the funds set aside for short-term technical assistance. A decision will be made prior to the issuing of the Request for Proposal (RFP) for the institutional contract. It may be that USAID will decide to instruct the offerors to set aside a predetermined amount of money for this purpose.

It is planned that almost all procurement of commodities will be undertaken by the institutional contractor. The amount and variety of equipment to be procured does not appear to justify use of a procurement services agent. However, the contractor may wish to subcontract for this service within the budget provided to the contract (this can be an element of the initial proposal). USAID will insist on adherence to Buy America rules and guidelines in procurement of commodities undertaken by USAID and the contractor. It is not anticipated that waivers of source/origin will be necessary during the project, although there may be special exceptions which cannot be foreseen. One of the interests of USAID is to use this project to demonstrate the best in American services and technology, following and expanding the success to date in such areas as introduction of geographic information systems computer software.

There are funds set aside for use by USAID for evaluation and audit during the course of the project, and for technical assistance, training and studies prior to arrival of the contract team. USAID may choose to use host country contracting for some of the studies and short-term technical assistance. The contracts in each case would be for \$100,000 or less. This decision will be made during the course of the project.

Gray Amendment

As stated elsewhere, a minimum of 10% of the value of the contracting under this project must be awarded to entities eligible under the Gray Amendment. USAID does not believe that competition for the institutional contract should be limited to Gray Amendment entities because of the breadth of types of services required (in urban planning, housing policy, environmental studies, financial management, management training, etc.).

F. Financial Plan

Please see the attached illustrative budget, which provides estimates of timing of expenditures over the five year life of project. USAID does not have a local currency Program Trust Fund or other source of local currency to use for this Project. Hence the \$7.2 million dollar grant will constitute USAID's full contribution to the project (not counting indirect support under Operating Expense categories). Approximately 40% of actual expenditures under the Project will be in Morocco, in local currency.

To this budget will be added a 25% host country contribution over the course of the life of project. Part of the contribution will be in kind (use of office space, personnel time devoted to program, etc.). An example is ANHI expenditures to set up and staff a unit which provides financial planning, and FEC's similar spending on internal audit services. Other elements will be in cash (e.g.,

airline tickets supplied to trainees). The contribution will be made in categories similar to those for the current projects, that is: local costs relating to studies, training (e.g., use of government facilities for staging), support to travel costs for all trainees, investments by the GOM relating to the project and the larger Program which it supports. The record of the GOM has been very good in providing contributions to HG programs. Both existing HG-related projects will have met or exceeded the 25% contribution by PACD. The government agencies/entities receiving assistance under the loan/grant will be requested to provide annual reports on their contributions. The current Mission Order on Host Country Contribution will be used as the basis for all instructions to the grantee on the subject. An exchange rate for use during life of project will be established in the Grant Agreement.

Please see attached tables for budget and methods of implementation and financing.

G. USAID Monitoring

As stated elsewhere, USAID will have a Regional Housing Office which is directly responsible for monitoring of contractor performance and for implementation of the project as a whole. The RHO will be supported by other Mission offices, in particular EXO, Controller and RCO. As described in other sections of this Project Paper, the Mission will hold formal reviews of project performance on a semi-annual basis. Evaluations and audits planned under the project will help to guide USAID monitoring as well.

To be able to implement this project and the HG-004 Program as a whole without incurring management vulnerability, it is very important to maintain a level of three professionals (2 PSC) in the RHO for the duration of the project.

H. Conditions Precedent and Covenants

The HG Program agreements include a long list of conditions and covenants. The conditions required for the Project in particular are those standard to A.I.D. (specimen signatures, etc.).

SUMMARY - ILLUSTRATIVE BUDGET

ITEM	(\$000)
Technical Assistance:	
- Long-term (includes expatriate & local staff)	2,615
- Short-term	1,400
Commodities	720
Studies	500
Training	600
Evaluation/Audit	220
Monitoring	725
Miscellaneous (contract fees, etc)	420
T O T A L	7,200

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METHODS OF IMPLEMENTATION AND FINANCING

July 1994

METHODS OF IMPLEMENTATION	METHODS OF FINANCING	VALUE \$ (000'S)
<u>Technical Assistance:</u>		
A. Long-Term:	Direct Reimbursement	2,615
B. Short-Term: Institutional Contractor	Direct Reimbursement	1,000
AID Procurement	Direct Payment	400
<u>COMMODITIES:</u>		
Institutional Contractor	Direct Reimbursement	720
<u>STUDIES:</u>		
AID Procurement	Direct Payment	100
Institutional Contractor	Direct Reimbursement	400
<u>TRAINING:</u>		
AID Procurement	Direct Payment	200
Institutional Contractor	Direct Reimbursement	400
<u>EVALUATION/AUDIT</u>		
AID Procurement	Direct Payment	220
<u>PSC SUPPORT</u>		
AID Procurement	Direct Payment	725
<u>OTHER (Contract fees, etc)</u>	Direct Reimbursement	420
<u>T O T A L</u>		7,200

(Rounded, inflation/contingency factored in)

I M P L E M E N T A T I O N S C H E D U L E

	YEAR 1				YEAR 2				YEAR 3				YEAR 4				YEAR 5			
	Q1	Q2	Q3	Q4																
Grant Signature	x																			
PIO/T signed/RFP issued		x																		
Contract signed				x																
T.A. team fielded					x															
Long-term T.A.					x															
Technical Assistance to ANHI					x															x
Technical Assistance to FEC					x			x												x
Technical Assistance to Municipalities									x											x
Technical Assistance to other entities					x															x
Procurement		x				x		x												
Training				x																
Studies		x	x																	
Evaluation										x										
Audit (TBD)																				x

Code x = activities this quarter
 _____ = continued
 - - - - - = sporadic

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PIPELINE PROJECTIONS

**Planned Obligations & Expenditures by FY
(\$000)**

	94	95	96	97	98	99	TOTAL
Obligations	3,900	-0-	2,300	1,000	-0-	-0-	7,200
Expenditures	-0-	1,000	1,500	2,000	2,200	500	7,200
Pipeline	3,900	2,900	3,700	2,700	500	-0-	-

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PLANNED EXPENDITURES (DOLLARS & LOCAL CURRENCY)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		TOTAL	
	\$	LC	\$	LC	\$	LC	\$	LC	\$	LC	\$	LC
Technical Assistance:												
-Long-term (w. support costs)	0	0	530	70	480	70	470	30	310	40	1790	210
-Short-term	150	50	200	50	250	100	250	100	150	100	1000	400
-Local staff/office, etc.	0	0	0	135	0	145	0	160	0	175	0	615
Training	80	20	80	20	100	50	100	100	50	0	410	190
Studies	50	50	50	50	50	50	50	50	50	50	250	250
Commodities	0	0	290	90	60	40	170	30	20	20	540	180
Evaluation	0	0	0	0	50	0	0	0	50	0	100	0
Audit *	0	0	0	30	0	30	0	30	0	30	0	120
Monitoring	0	70	0	145	0	160	0	170	0	180	0	725
Other (fees, etc.)	0	0	115	0	120	0	105	0	80	0	420	0
TOTAL	280	190	1,486	729	1,460	813	1,512	873	1,399	794	4,510	2,690
											63%	37%

NOTE: Local currency (Dirham)
Expressed in Dollar equivalents

Year 1 = FY 1995

* To be reprogrammed if not needed

32

W41
x PRN 1

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INFO: ECON-0

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CHARGE: AID

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BT
UNCLAS STATE 175735

INFO COPY

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CHRON.

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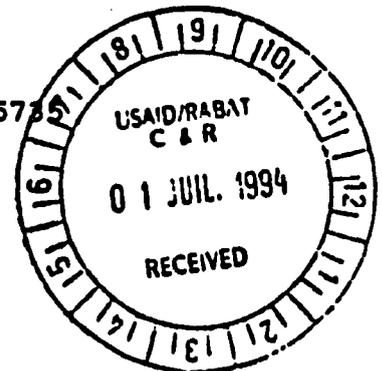
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SUBJECT: FY 1994 BUDGET ALLOWANCE - MOROCCO

1. BUDGET ALLOWANCE FOR BPC HDV4-94-23608-KG-13 (461-50-608-00-69-41) APPROPRIATION SYMBOL 72-114/51021.1 IS HEREBY INCREASED BY DOLS 5,500,000 TO A NEW LEVEL OF DOLS 8,600,000 FOR THE FOLLOWING PROJECTS: 608-0221 - URBAN INFRASTRUCTURE - DOLS 3,900,000 AND 608-0223, FAMILY PLANNING MATERNAL CHILD HEALTH DOLS 1,600,000. ADVICE OF BUDGET ALLOWANCE AMENDMENT NO. 2 FOLLOWS. ←

2. BUDGET ALLOWANCE FOR BPC HDP4-94-23608-KG-13 (464-50-608-00-69-41) APPROPRIATION SYMBOL 72-114/51021.4 IS HEREBY INCREASED BY DOLS 1,600,000 FOR PROJECT 608-0223 - FAMILY PLANNING MATERNAL CHILD HEALTH. ADVICE OF BUDGET ALLOWANCE AMENDMENT NO. 1 FOLLOWS.

TALBOTT
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#5735

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INFO: ECON-0

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CHARGE: AID

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INFO RUEHTU/AMEMBASSY TUNIS 3008
BT
UNCLAS SECTION 01 OF 02 STATE 059762

ACTION: RHUDO
DUE DATE: 03/02
INFO: Dir-DIP
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EXO-OFN-CHRON

AIDAC RABAT FOR MISSION; TUNIS FOR RHUDO

E.O. 12356: N/A

TAGS:

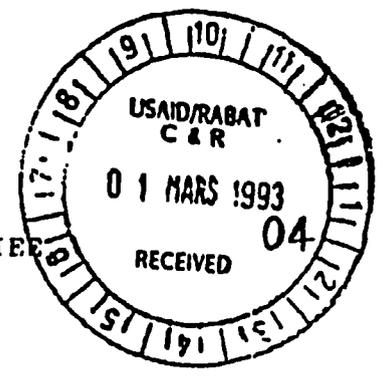
SUBJECT: URBAN INFRASTRUCTURE, LAND DEVELOPMENT AND
FINANCING PID (608-0221) NEDAC REVIEW

1. SUMMARY: ON FEBRUARY 19, 1993 THE NEDAC APPROVED THE SUBJECT PID AND HEREBY DELEGATES AUTHORITY FOR PROJECT PAPER APPROVAL TO THE MISSION SUBJECT TO CONDITIONS OUTLINED BELOW. ISSUES RAISED INCLUDED THE INITIAL ENVIRONMENTAL EXAMINATION (IEE), U.S. PROCUREMENT, POLICY CONDITIONALITY, MOROCCOS CREDIT RATING, AND GRAY AMENDMENT PROVISIONS. END SUMMARY.

2. THE BUREAU NEDAC COMMITTEE MET ON FEBRUARY 19, 1993 CHAIRED BY ACTING ASSISTANT ADMINISTRATOR FOR THE NEAR EAST BUREAU DENNIS CHANDLER. THE MISSION WAS REPRESENTED BY THE REGIONAL HOUSING OFFICER HARRY BIRNHOLZ AND MISSION HOUSING ADVISOR TAHAR BERRADA. PRE/H WAS REPRESENTED BY DEPUTY DIRECTR MIKE LIPPE.

3. INITIAL ENVIRONMENTAL EXAMINATION. THE MISSION REQUESTED A NEGATIVE DETERMINATION FOR THIS PROJECT. BASED ON THE INFORMATION PRESENTED IN THE PID AND THE IEE

UNCLAS AIDAC SECSTATE 59762



THE BUREAU HAS DETERMINED THAT THE APPROPRIATE THRESHOLD DECISION SHOULD BE A POSITIVE DETERMINATION BASED ON THE

AGENCY ENVIRONMENTAL REGULATIONS (216). THE NEDAC AGREED THAT THE FOLLOWING STEPS SHOULD BE TAKEN:

-- THE MISSION WILL RESUBMIT TO THE BUREAU ENVIRONMENTAL COORDINATOR (BEC) AN IEE CALLING FOR A POSITIVE THRESHOLD DECISION FOR THE PROJECT WHICH REQUIRES PREPARATION OF AN OVERALL PROGRAMMATIC ENVIRONMENTAL ASSESSMENT (PEA). AS NOTED IN SECTION 216.3 (A) (4) THE MISSION SHALL THEN PREPARE A DETAILED SCOPE OF WORK FOR THE PEA FOR REVIEW AND APPROVAL BY THE BEC. THE PEA WILL BE REVIEWED AS AN INTEGRAL PART OF THE PROJECT PAPER AND CLEARED BY THE BEC. NO OTHER REVIEW OF THE PP WILL BE REQUIRED BY AID/W.

-- THE PROJECT PAPER WILL IDENTIFY ACTIONS THAT THE ANHI MUST CARRY OUT IN ORDER TO BRING THEIR ENVIRONMENTAL REVIEW PROCEDURES TO A STANDARD ACCEPTABLE TO THE BEC. THE PROJECT PAPER WILL ALSO INCLUDE A TECHNICAL ASSISTANCE PLAN TO ENHANCE ANHI ENVIRONMENTAL MONITORING CAPACITY.

-- WHEN AND AFTER THE LOCATIONS OF EACH SITE TO BE UPGRADED UNDER THE PROJECT HAS BEEN SELECTED, THE ANHI WILL PREPARE AN ENVIRONMENTAL REVIEW AND THIS WILL BE APPROVED BY THE MISSION ENVIRONMENTAL OFFICER. THE REGIONAL LEGAL ADVISOR OR GC/NE SHOULD BE CONSULTED FOR ESTABLISHING THE MANNER IN WHICH CONDITIONS PRECEDENT TO DISBURSEMENT WILL AVOID AN IRREVERSIBLE COMMITMENT OF RESOURCES BEFORE ENVIRONMENTAL REVIEW IS COMPLETED AND APPROVED. DURING THE IMPLEMENTATION, CHANGES IN THE ENVIRONMENT, EITHER POSITIVE OR NEGATIVE, SHOULD BE MONITORED. COPIES OF ENVIRONMENTAL REVIEWS AND MONITORING REPORTS SHOULD BE SUBMITTED TO THE BEC FOR INFORMATION AND TRACKING.

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~~4. U.S. PROCUREMENT. THE MISSION IS TO BE COMMENDED FOR~~
ITS SENSITIVITY TO THE U.S. PROCUREMENT ISSUE. THE NEDAC
RECOGNIZED THAT THIS ISSUE HAS AGENCY-WIDE POLICY
IMPLICATIONS AND CONCURS WITH THE PID RECOMMENDATION THAT
THIS ISSUE BE STUDIED DURING PROJECT PAPER DESIGN. PRE/H
ADVISED THAT A DECISION OF THIS NATURE COULD NOT BE MADE
IN THE ABSENCE OF SPECIFIC PRE/H CONCURRENCE TO LANGUAGE
PROPOSED. ANY DECISIONS REGARDING U.S. PROCUREMENT SHOULD
BE MADE AFTER ANALYSIS IS CARRIED OUT TO UNDERSTAND SUPPLY
AND DEMAND CONSIDERATIONS, THE NATURE OF COMMODITIES TO BE
PROCURED, U.S. SOURCE COMPETITIVENESS, AND OTHER
CONDITIONS AFFECTING PROCUREMENT. IT WAS NOTED BY GC/PRE
AND GC/NE REPRESENTATIVES THAT IT WOULD NOT BE PRUDENT TO
LINK FUNDS TO SPECIFIC PROCUREMENT, SINCE TO DO SO WOULD
RAISE QUESTIONS RELATING TO AUDITS, COMPETITION, TRACKING,
ETC. GIVEN THE AGENCY-WIDE IMPLICATIONS OF SUCH
ACTIVITIES, CONSULTATIONS AMONG THE BUREAU, THE MISSION,

AND PRE/H WILL BE HELD BEFORE A FINAL DECISION IS MADE.

5. POLICY CONDITIONALITY. THE NEDAC NOTED THAT THE
MISSION APPROACH OF SETTING THE POLICY AGENDA TO SPECIFIC
BENCHMARKS THAT ARE CITED AS CONDITIONS PRECEDENT IN THE
PROGRAM AGREEMENT HAS PROVIDED AN EFFECTIVE MEANS TO
AFFECT POSITIVELY THE HOUSING POLICY ENVIRONMENT IN
MOROCCO. THE NEDAC CONCURRED IN USING THIS PROJECT-TESTED
APPROACH WHICH WILL INCLUDE AN EVALUATION BY THE MISSION
OF PROGRESS TOWARD MEETING CONDITIONS PRECEDENT PRIOR TO
DISBURSEMENT OF EACH IIG LOAN TRANCHE. THE POLICY AGENDA
UNCLAS SECTION 02 OF 02 STATE 059762

AIDAC RABAT FOR MISSION; TUNIS FOR RHUDO

TO BE INCLUDED IN THE PROGRAM AGREEMENT WILL BE DEVELOPED
DURING THE PROJECT PAPER DESIGN.

6. MOROCCOIS CREDIT RATING. SEPTTEL WILL FOLLOW REGARDING
THIS ISSUE.

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GRAY AMENDMENT PROVISIONS. A MAJOR PORTION OF THE
~~U.S. DOLLARS TEN MILLION THAT WILL BE USED FOR TECHNICAL~~
ASSISTANCE FOR THE PROJECT WILL BE CONTRACTED TO AN
INSTITUTIONAL CONTRACTOR. SUBCONTRACTING OPPORTUNITIES
FOR GRAY AMENDMENT FIRMS, AT A MINIMUM LEVEL OF TEN
PERCENT, SHOULD BE INVESTIGATED DURING THE PROJECT PAPER
DESIGN.

POTABLE WATER PROVISIONS. THE PID DID NOT DESCRIBE
THE PROVISION OF POTABLE WATER TO AREAS TO BE DEVELOPED
UNDER THE PROGRAM. THE REGIONAL HOUSING OFFICER EXPLAINED
THAT ALL LAND DEVELOPED FOR RESIDENTIAL PURPOSES MUST
PROVIDE INFRASTRUCTURE SERVICES INCLUDING POTABLE WATER,
SEWERAGE, AND ELECTRICITY NETWORKS. NEDAC REQUESTED THAT
THE PROJECT PAPER DESIGN INCLUDE A DESCRIPTION OF THE
PROVISION OF POTABLE WATER SERVICES IN ANHI PROJECTS.

THE NEDAC COMMENDED THE MISSION FOR EXCELLENT PID
PREPARATION AND PRESENTATION AND THE CREATIVE MEDIA
PRESENTATION WHICH GAVE THE NEDAC A BETTER FEEL FOR
MISSION SHELTER ACTIVITIES IN MOROCCO.

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UNCLAS AIDAC SECSTATE 59762

5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. **Host Country Development Efforts** (FAA Sec. 601(a)): Information and conclusions on whether assistance 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.

The project will encourage private sector participation in housing finance and construction, which could include use of credit unions or other associations

2. **U.S. Private Trade and Investment** (FAA Sec. 601(b)): Information and conclusions on how assistance 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).

Project will promote US technology, will feature US private sector contracts

3. Congressional Notification

a. **General requirement (FY 1993 Appropriations Act Sec. 522; FAA Sec. 634A):** If money is to be 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 (unless the Appropriations Act notification requirement has been waived because of substantial risk to human health or welfare)?

N/A

b. **Notice of new account obligation (FY 1993 Appropriations Act Sec. 514):** If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?

N/A

c. **Cash transfers and nonproject sector assistance (FY 1993 Appropriations Act Sec. 571(b)(3)):** If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

N/A

4. **Engineering and Financial Plans (FAA Sec. 611(a)):** 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
yes

5. **Legislative Action (FAA Sec. 611(a)(2)):** If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action

Not needed

will be completed in time to permit orderly accomplishment of the purpose of the assistance?

6. **Water Resources** (FAA Sec. 611(b); FY 1993 Appropriations Act 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

7. **Cash Transfer and Sector Assistance** (FY 1993 Appropriations Act Sec. 571(b)): Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

N/A

8. **Capital Assistance** (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

9. **Multiple Country Objectives** (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.

Proj will encourage private sector competition, involvement in housing finance and construction

10. U.S. Private Trade (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).

Project will feature US private sector involvement in services and technology transfer

11. Local Currencies

a. Recipient Contributions (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.

Grantee will submit annual reports on contributions of 25% total dollar value, project officers will verify

b. U.S.-Owned Currency (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

no

c. Separate Account: (FY 1993 Appropriations Act Sec. 571). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

N/A

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?

N/A

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes?

"

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?

"

12. Trade Restrictions

a. Surplus Commodities (FY 1993 Appropriations Act Sec. 520(a)): If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

N/A

b. Textiles (Lautenberg Amendment) (FY 1993 Appropriations Act Sec. 520(c)): 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

N/A

textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

13. Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3) (as referenced in section 532(d) of the FY 1993 Appropriations Act): Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

N/A

14. PVO Assistance

a. Auditing and registration (FY 1993 Appropriations Act Sec. 536): 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

b. Funding sources (FY 1993 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"): 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

15. Project Agreement Documentation (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).

will be

16. **Metric System (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy):**

Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

Yes

17. **Women in Development (FY 1993 Appropriations Act, Title II, under heading "Women in Development"):** Will assistance be designed so that the percentage of women participants will be demonstrably increased?

Yes

18. **Regional and Multilateral Assistance (FAA Sec. 209):** Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

no

19. **Abortions (FY 1993 Appropriations Act, Title II, under heading "Population, DA," and Sec. 524):**

a. Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

no

b. Will any funds be used to lobby for abortion?

no

20. Cooperatives (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life?

no - N/A

21. U.S.-Owned Foreign Currencies

a. Use of currencies (FAA Secs. 612(b), 636(h); FY 1993 Appropriations Act Secs. 507, 509): Are steps being taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.

N/A

b. Release of currencies (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

no

22. Procurement

a. Small business (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

b. U.S. procurement (FAA Sec. 604(a) as amended by section 597 of the FY 1993 Appropriations Act): Will all procurement be from the U.S., the recipient country, or developing countries except as otherwise determined in accordance with the criteria of this section?

yes

c. **Marine insurance (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

d. **Non-U.S. agricultural procurement (FAA Sec. 604(e)):** 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

e. **Construction or engineering services (FAA Sec. 604(g)):** 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 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.)

n/a

f. **Cargo preference shipping (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?

no

g. **Technical assistance (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

yes

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?

h. U.S. air carriers

(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

i. Termination for convenience

of U.S. Government (FY 1993 Appropriations Act Sec. 504): If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

Yes it will

j. Consulting services

(FY 1993 Appropriations Act Sec. 523): 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)?

Yes

k. Metric conversion

(Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest

Yes

documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

1. **Competitive Selection Procedures** (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes

23. **Construction**

a. **Capital project** (FAA Sec. 601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used? n/a

b. **Construction contract** (FAA Sec. 611(c)): If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? n/a

c. **Large projects, Congressional approval** (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 Congressional Presentation), or does assistance have the express approval of Congress? n/a

24. **U.S. Audit Rights** (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

25. **Communist Assistance** (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? yes

4/8

26. Narcotics

a. **Cash reimbursements (FAA Sec. 483):** Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? n/a

b. **Assistance to narcotics traffickers (FAA Sec. 487):** Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance? n/a

27. Expropriation and Land Reform (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? Yes

28. Police and Prisons (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? yes

29. CIA Activities (FAA Sec. 662): Will assistance preclude use of financing for CIA activities? Yes

30. Motor Vehicles (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes

31. **Military Personnel (FY 1993 Appropriations Act Sec. 503):** Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? Yes
32. **Payment of U.N. Assessments (FY 1993 Appropriations Act Sec. 505):** Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues? Yes
33. **Multilateral Organization Lending (FY 1993 Appropriations Act Sec. 506):** Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? Yes
34. **Export of Nuclear Resources (FY 1993 Appropriations Act Sec. 510):** Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology? Yes
35. **Repression of Population (FY 1993 Appropriations Act Sec. 511):** Will assistance preclude use of financing 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? Yes
36. **Publicity or Propaganda (FY 1993 Appropriations Act Sec. 516):** Will assistance 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? No

37. Marine Insurance (FY 1993 Appropriations Act Sec. 560): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate?

Yes

38. Exchange for Prohibited Act (FY 1993 Appropriations Act Sec. 565): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law?

No

39. Commitment of Funds (FAA Sec. 635(h)): Does a contract or agreement entail a commitment for the expenditure of funds during a period in excess of 5 years from the date of the contract or agreement?

No

40. Impact on U.S. Jobs (FY 1993 Appropriations Act, Sec. 599):

(a) Will any financial incentive be provided to a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S. in a manner that would likely reduce the number of U.S. employees of that business?

No

(b) Will assistance be provided for the purpose of establishing or developing an export processing zone or designated area in which the country's tax, tariff, labor, environment, and safety laws do not apply? If so, has the President determined and certified that such assistance is not likely to cause a loss of jobs within the U.S.?

No

(c) Will assistance be provided for a project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country?

No

B. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. Agricultural Exports (Bumpers Amendment) (FY 1993 Appropriations Act Sec. 521(b), as interpreted by conference report for original enactment): 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: (1) 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 (2) in support of research that is intended primarily to benefit U.S. producers?

N/A

No

2. Tied Aid Credits (FY 1993 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits?

No

3. Appropriate Technology (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

yes, where appropriate

4. Indigenous Needs and Resources
(FAA Sec. 281(b)): Describe extent to which the activity 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 civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

Project helps Morocco meet its stated objectives in improving living conditions of the urban poor; has been designed with active participation of Moroccan public and private sectors, features governance activities.

5. Economic Development (FAA Sec. 101(a)): Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes

6. Special Development Emphases (FAA Secs. 102(b), 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 insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) 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.

Project is aimed at urban poor: improving housing conditions and indirectly helping to create employment and incomes for target group. Project includes stress on market towns, not just large cities. Project stresses local government collaboration with citizens to improve conditions. Women are major beneficiaries.

7. Recipient Country Contribution
(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)?

Yes

8. **Benefit to Poor Majority (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?

Yes, project is aimed at poor

9. **Abortions (FAA Sec. 104(f); FY 1993 Appropriations Act, Title II, under heading "Population, DA," and Sec. 534):**

a. 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?

no

b. 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?

no

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

no

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services?

no

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning?

n/a

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to

no

methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization?

no

10. Contract Awards (FAA Sec. 601(e)): Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes

11. Disadvantaged Enterprises (FY 1993 Appropriations Act Sec. 563): 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 40 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)?

at least 10%
of institutional
contract

12. Biological Diversity (FAA Sec. 119(g)): 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?

Project includes
activities for
urban environmental
protection

13. Tropical Forests (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act):

a. A.I.D. Regulation 16: Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?

Yes

b. Conservation: Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) 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; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) 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,

not related to tropical forests - urban project in non-tropical area

and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

c. Forest degradation: Will assistance be used for: (1) 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; (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively undergraded 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

d. **Sustainable forestry:** If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

N/A

e. **Environmental impact statements:** Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

Yes

14. **Energy (FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act):** If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

N/A

15. **Debt-for-Nature Exchange (FAA Sec. 463):** If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

N/A

16. **Deobligation/Reobligation (FY 1993 Appropriations Act Sec. 515):** If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as

N/A

originally obligated, and have the House and Senate Appropriations Committees been properly notified?

17. Loans

a. Repayment capacity (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. Long-range plans (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 for
608-0221

c. Interest rate (FAA Sec. 122(b)): If development loan is 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

d. Exports to United States (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

18. Development Objectives (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) help develop cooperatives, especially by technical

Project is aimed at improving living standards of urban poor, and indirectly creating employment

assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

women are major beneficiaries

19. Agriculture, Rural Development and Nutrition, and Agricultural Research (FAA Secs. 103 and 103A):

a. Rural poor and small farmers: If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

N/A

b. Nutrition: Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people.

N/A

c. Food security: Describe extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the

N/A

poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

20. **Population and Health (FAA Secs. 104(b) and (c)):** If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

N/A

21. **Education and Human Resources Development (FAA Sec. 105):** If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

Project includes short-term training in management, computer systems and other advanced topics

22. **Energy, Private Voluntary Organizations, and Selected Development Activities (FAA Sec. 106):** If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

N/A

a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of

research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;

N/A

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

N/A

c. research into, and evaluation of, economic development processes and techniques;

d. reconstruction after natural or manmade disaster and programs of disaster preparedness;

N/A

e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance;

N/A

f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development.

is involved in urban housing and infrastructure for urban poor

23. Capital Projects (Jobs Through Export Act of 1992, Secs. 303 and 306(d)): If assistance is being provided for a capital project, is the project developmentally sound and will the project measurably alleviate the worst manifestations of poverty or directly promote environmental safety and sustainability at the community level?

N/A

C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY

1. Economic and Political Stability (FAA Sec. 531(a)): Will this assistance promote economic and political stability?

Yes

To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?

2. **Military Purposes (FAA Sec. 531(e)):** Will this assistance be used for military or paramilitary purposes? No

3. **Commodity Grants/Separate Accounts (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? (For FY 1993, this provision is superseded by the separate account requirements of FY 1993 Appropriations Act Sec. 571(a), see Sec. 571(a)(5).) N/A

4. **Generation and Use of Local Currencies (FAA Sec. 531(d)):** Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1993, this provision is superseded by the separate account requirements of FY 1993 Appropriations Act Sec. 571(a), see Sec. 571(a)(5).) No

5. **Cash Transfer Requirements (FY 1993 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 571(b)).** If assistance is in the form of a cash transfer: N/A

a. **Separate account:** Are all such cash payments to be maintained by the country in a separate account and not to be commingled with any other funds? N/A

b. **Local currencies:** Will all local currencies that may be generated with funds provided as a cash transfer to such a country also be deposited in a special account, and has A.I.D. entered into an agreement with that government setting forth the amount of the local currencies to be generated, the terms and N/A

conditions under which they are to be used, and the responsibilities of A.I.D. and that government to monitor and account for deposits and disbursements?

c. U.S. Government use of local currencies: Will all such local currencies also be made available to the U.S. government as the U.S. determines necessary for the requirements of the U.S. Government, or to carry out development assistance (including DFA) or ESF purposes?

N/A

d. Congressional notice: Has Congress received prior notification providing in detail how the funds will be used, including the U.S. interests that will be served by the assistance, and, as appropriate, the economic policy reforms that will be promoted by the cash transfer assistance?

Yes

6. Capital Projects (Jobs Through Exports Act of 1992, Sec. 306, FY 1993 Appropriations Act, Sec. 595): If assistance is being provided for a capital project, will the project be developmentally-sound and sustainable, i.e., one that is (a) environmentally sustainable, (b) within the financial capacity of the government or recipient to maintain from its own resources, and (c) responsive to a significant development priority initiated by the country to which assistance is being provided. (Please note the definition of "capital project" contained in section 595 of the FY 1993 Appropriations Act.)

N/A

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