

Handwritten: *Handwritten*

Handwritten: *OKAL 332*

Handwritten: *Time to get eye w the eye*

Handwritten: *0140*



**AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES A.I.D. MISSION TO PANAMA**

Handwritten: *NRECA (or NRECA) who are the*

Handwritten: *Ask H. Deal --- MOD between govt*

**APO Miami 34002 - 0014
Telephone 63-6011**

Handwritten: *Paul
Bard Jackson*

May 5, 1987

- Start 6/1/87
- 1st phase end 2nd wk Aug. Near end August for submission rpt. to RocAP
- Oct. 20 approx. to begin the one yr.

**National Rural Electric Cooperative Association
1800 Massachusetts Avenue, Northwest
Washington, D. C. 20036**

Subject: Cooperative Agreement No. 596-0146-A-00-7022-00

Gentlemen,

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D.") hereby provides to the National Rural Electric Cooperative Association (hereinafter referred to as the "Recipient" or the "NRECA") the sum of four million six hundred and ten thousand dollars (\$4,610,000) to provide for a program of cooperative regional rural electrification support in Central America as described in Attachment 1 to the Schedule of this Agreement and Attachment 2 entitled "Program Description".

This Agreement is effective and obligation made as of the date of this letter and shall apply to commitments made by the recipient in furtherance of program objectives during the period beginning with the effective date and ending September 30, 1992.

This Agreement is made to the NRECA on the condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 2 entitled "Program Description" and Attachment 3, entitled "Standard Provisions" which have been agreed to by your organization.

Please sign the original and seven (7) copies of the letter to acknowledge your receipt of this Agreement and return the original and six (6) copies to the USAID/Panamá, Attention Regional Contracts Office.

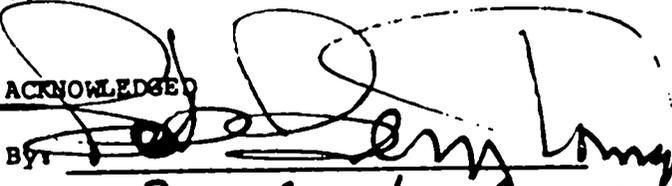
Sincerely yours,

M. S. Kenyon
M. S. Kenyon
Regional Contracting Officer

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED

By: 

Title: Executive Vice President, NCCCA

Date: May 12, 1987

FISCAL DATA

Appropriation No:

Budget Plan Codes:

PIO/T No.:

Project No.:

596-0146

Total Estimated Amounts:

4,610,000

Total Obligated Amounts:

4,610,000

SCHEDULE

A. Purpose of Agreement

The purpose of this cooperative agreement with the NRECA is to increase rural access to the benefits of existing and planned power sector investments in Central America, Belize, and Panamá by making rural electrification programs technically, financially, and economically more efficient. Throughout the Agreement, the project shall be referred to as Central American Rural Electrification Support or CARES.

B. Period of Agreement

1. The effective date of this Agreement is May 5, 1987. The expiration date of this Agreement is September 30, 1992.
2. Funds obligated hereunder are available for program expenditures for the estimated period May 5, 1987 through September 30, 1992.

C. Amount of Agreement and Payment

1. The total estimated amount of this Agreement for the period shown in B.1. above is \$4,610,000. However, the amount available for expenditure for Phase I activities is limited to \$175,435. The Recipient shall not proceed to Phase II without the prior written consent of the Contracting Officer.
2. AID hereby obligates the amount of \$4,610,000 for program expenditures during the period set forth in B.2. above. Phase I expenditures shall be as shown in the Financial Plan below.
3. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3 Standard Provision No. 10 entitled "Payments - Letter of Credit".
4. Additional funds up to the total amount of the Agreement shown in C.1. above shall be definitized for Phase II prior to the initiation of Phase II activities in accordance with the requirements of the Standard Provision of the Grant entitled "Revision of Financial Plans".

D. Financial Plan

1. The following is the Financial Plan for Phase I of this Agreement. Revisions to this Plan shall be made in accordance with the Standard Provision of this Agreement entitled "Revision of Financial Plans".

Financial Plan

Summary

Salary	\$57,275
Fringe Benefits	18,307
Overhead	26,073
Travel and Transportation	29,800
Allowance	20,500
Other Direct Costs	20,480
Equipment and Supplies	<u>3,000</u>
Total	\$175,435

The above Financial Plan is illustrative in nature, and the Recipient can adjust individual cost lines by a factor not to exceed 25%. Any adjustment exceeding 25%, or any increase in the total Phase I budget amount requires the prior written approval of the Contracting Officer.

The Phase II budget shall be definitized at the time of completion of Phase I activities.

E. Special Provisions

1. Estimated Level of Effort For Phase I

<u>Position Description</u>	<u>Estimated Person-Weeks</u>
CARES Program Coordinator	12.4
Engineer	12.4
Project Development Specialist	12.4
Technical Consultant	12.4
Home Office Professional	3.5
Home Office Support	3.5

A six-day work week with no premium pay is authorized for AID reimbursement for Recipient personnel working in Central America.

2. Indirect Cost Rates

The following provisional indirect cost rates are authorized for reimbursement under this Agreement for the period stated:

<u>Category</u>	<u>Rate</u>	<u>Base</u>	<u>Period</u>
Fringe Benefits	33%	Salary	Until Amended
Overhead	47%	Salary	Until Amended

3. The following provisions are deleted from Attachment 3, Standard Provisions:
 - a. 6 - Negotiated Overhead Rates - Predetermined
 - b. 8 - Negotiated Overhead Rates - Educational Institutions
 - c. 11 - Payment - Periodic Advance
 - d. 12 - Payment - Reimbursement
 - e. 16 - Procurement of Goods and Services Over \$250,000
 - f. 20 - Title to and Care of Property (U.S. Government Title)
 - g. 42 - Cost Sharing/Matching

ASSURANCE OF COMPLIANCE WITH LAWS AND REGULATIONS
GOVERNING NON DISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS

The National Rural Electric Cooperative Association (hereinafter called the "Applicant") hereby assures that no person in the United States shall, on the bases set forth below, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under, any program or activity receiving financial assistance from AID, and that with respect to the grant for which application is being made, it will comply with the requirements of:

- (1) Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352, 42 U.S.C. 200-d) which prohibits discrimination on the basis of race, color or national origin, in programs and activities receiving Federal financial assistance,
- (2) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination on the basis of handicap in programs and activities receiving Federal financial assistance,
- (3) The Age Discrimination Act of 1975, as amended, (Pub. L. 95-478) which prohibits discrimination based on age in the delivery of services and benefits supported with Federal funds,
- (4) Title IX of the Education Amendments of 1972 (20 U.S.C. 1681, et. seq.) which prohibits discrimination on the basis of sex in education programs and activities receiving Federal financial assistance (whether or not the programs or activities are offered or sponsored by an educational institution); and
- (5) AID regulations implementing the above non-discrimination laws, set forth in Chapter II of Title 22 of the Code of Federal Regulations.

If the Applicant is an institution of higher education, the Assurances given herein extend to admission practices and to all other practices relating to the treatment of students or clients of the institution, or relating to the opportunity to participate in the provision of services or other benefits to such individuals, and shall be applicable to the entire institution unless the Applicant establishes to the satisfaction of the AID Administrator that the institution's practices in designated part or programs of the institution will in no way affect its practices in the program of the institution for which financial assistance is sought, or the beneficiaries of or participants in such program.

This assurance is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Applicant by the Agency, including installment payments after such date on account of applications for Federal financial assistance which were approved before such date. The Applicant recognizes and agrees that such Federal

financial assistance will be extended in reliance on the representations and agreements made in this Assurance, and that the United States shall have the right to seek judicial enforcement of this Assurance. This Assurance is binding on the Applicant, its successors, transferees, and assignees, and the person or persons whose signature appear below are authorized to sign this Assurance on behalf of the Applicant.

National Rural Electric Cooperative Association
(Applicant)

By (Signature) Martha Heisel Title Supervisor, Compensation
Typed Name Martha Heisel Date May 12, 1987 * Benefits

Program Description

A. PROJECT BACKGROUND

The need for integrated development of rural areas has been a major concern of U. S. policy in Central America, as defined by the National Bipartisan Commission on Central America (NBCCA). PL 99-81, the foreign assistance authorizing bill for FY 1986-1987, states, "It is the sense of the Congress that funds appropriated for fiscal years 1986 and 1987 should be used for a comprehensive rural electrification program in Central America in order to establish conditions and a foundation for economic development."

Pursuant to this policy, AID funded a preliminary study of the status and priorities for rural electrification in Central America that was completed in March 1986.

The study was derived from an unsolicited proposal by the National Rural Electric Cooperative Association (NRECA) for a major rural electrification assessment in Central America. AID proposed instead a staged process that would begin with an overview in order to narrow the focus down to critical subsector concerns before committing large resources.

B. PROBLEM STATEMENT

An essential problem identified by the NBCCA is poor living conditions of the Central American rural majority, its manifestations being substandard housing, low rates of literacy, high infant mortality, a greater incidence of disease, and a general isolation from the basic public services available to urban populations. The underlying cause of this poor state of rural affairs is low income and consumption arising from low rates of productivity.

A basic solution that has been adopted by AID's development strategy for the region is to raise the standard of living of rural populations. The strategy needed to achieve this solution will mean addressing the causes of rural poverty by increasing their access to productive resources.

Rural electrification can be used to address the manifestations of the problem directly, for example, by putting electricity into households, health clinics, schools, communications, and street lighting. Or it can address rural poverty by attacking its causes--stagnant, even declining productivity of land, and scant productive off-farm employment. Electric energy can help to increase crop production through irrigation, increase post-harvest yields through improved processing and storage, and create employment opportunities by providing energy to rural industry.

8

Electrification, however, is not being effectively used as a rural development tool. Only 15% of the region's rural population has access to electricity, and usage is very low. Diesel, kerosene, and fuel oils are still widely used despite the tremendous public investment in more economically-efficient, indigenous electricity. But little has been done to date make this energy source available in rural areas. The low use of commercial energy, in general, is constraining the fundamental strategy of rural development.

Central American rural electrification is presently trapped in a vicious circle arising from the basic financial and economic crises which have gripped the region during the better part of the past decade, whose roots like many problems, rest in the energy crisis of the 1970's.

As in many parts of the developing world today, the power sector has placed a considerable demand on the financial resources of countries in the region. These financial demands will grow in future years as will their significance, since new financing must be added to already-strained debt capacities. Rural electrification has clearly been a casualty of this financial shortfall. The utilities, preoccupied with their own financial problems, have not been eager to engage in large investments in rural areas, which inevitably involve subsidies in the early stages. Comparatively low consumer density in rural areas has created a financial disincentive to the utilities to promote rural electrification that, in turn, has resulted in low connection and consumption rates and, therefore, low financial return on investment. This keeps tariff rates high, since costs are largely fixed, which itself discourages demand.

The region's governments and various donor organizations are going forward with rural electrification on socio-economic grounds, as evidenced by continuing investments in the subsector, but their commitment is weakened by their lack of knowledge and experience in proven methods of interrupting this vicious circle, which involved correcting the specific problems of inefficiency, high costs, and low returns.

Inputs are clearly needed to provide an appreciation and capacity for applying such means and experience, and for coordinating the disjointed efforts of various donor programs that are providing capital funding and other assistance for rural electrification in the regions.

C. PROJECT DESCRIPTION

1. Project Components

To achieve the CARES Project purpose, NRECA will improve the planning capability of national power sector organizations to respond more effectively to demand-driven opportunities for optimizing existing

and planned investments in rural electrification. The project will consist of the following four components, based on the recommendations contained in the 1986 CARES study, which will be presented with far greater definition as a result of Phase I activities described in Annex 1.

- (1) Dialogue on Policy and Institutional Reform:
Support, through technical assistance and training, the adoption of policies and institutional reforms to strengthen the organizational and financial basis for rural electrification in the countries in the region.

This component will be launched from thorough analyses of the organization of rural electric supply, demand and distribution in the participating countries. In general, the studies should propose guidelines for delineating the appropriate roles, if any, of the centralized public sector, the decentralized public sector, cooperatives, and investor-owned (private individuals and groups of individuals) utilities. Pursuant to these guidelines, the studies will propose specific reforms that may be appropriate to the distinctive characteristics and circumstances of each country, and that lead to the greater efficiency and coordination in rural power sector activities. Targets of opportunity in the sector will be identified and the potential role of each actor will be defined. Examples of possible outcomes for these studies include: proposals for reorganizing the central administration of rural electrification based on successful models developed in other countries; proposals for establishing more efficient, decentralized management systems for rural electric distribution, including municipal utilities, cooperatives, and other privately-managed entities; recommendations for legislative and regulatory reforms to promote private development of decentralized generation facilities similar to PURPA (Public Utilities Regulatory Policies Act of 1978); options for trade, banking, and investment policies to create private capital inflows to rural electric programs in the region; and recommendations for tariff policies commensurate with optimal strategic load growth and improved system financial viability.

The expected outcomes of this activity by the end of the project include:

1. Increased rate of rural electrification investment.
2. Increased private-sector investment in rural power systems.
3. Increased percentage of rural population with access to electricity.
4. Increased number of isolated (off-grid) communities served.
5. Existence of adequately motivated and managed rural electric units.
6. Decentralized management entities for distribution established.
7. Tariff levels raised to meet costs of service.
8. Feasibility studies for appropriate complementary and follow-on projects.

(ii) Enhancement of Operational Efficiency

Raise and maintain adequate levels of technical and managerial skills through training programs and technical assistance aimed at reducing technical and administrative losses and operating costs, of rural electrification.

This activity will begin with an evaluation of rural electrification training needs in the targeted countries at all levels of management and operations. Available resources to meet these training needs, such as on-going programs, academic and technical institutes, other organizations, and the use of local counterpart currencies to supplement project funding, will be identified. Upon completion of the analysis, a comprehensive training program will be designed and undertaken. The program will combine the efforts of local institutions with outside expertise and include on-the-job training, academic instruction, workshops and overseas internships on an ongoing basis.

The expected outcomes of this activity by the end of the project include:

1. Increased rate of rural electrification investment.
2. Existence of adequately motivated and managed rural electric units.
3. Higher financial rates of return.

4. Adequate and continuing supply of trained management and technical personnel.
5. Reduced rates of technical and administrative electric system losses.
6. Increased reliability of electric service.
7. Feasibility studies for appropriate complementary and follow-on projects.

(iii) Least-cost Rural Electric System Design:

Promote, through technical assistance, training, and demonstration the widespread adoption of standardized, appropriate designs and specifications for electric systems in rural areas of the region.

This activity will evaluate designs, equipment specifications and construction standards in sub-transmission, distribution and household connections with a view toward encouraging both standardization and more appropriate technical approaches for rural electrification including small hydropower systems and possibly other decentralized power technologies. One or more regional workshops will be held and the study will identify training, technical assistance and other necessary follow-up activities. This effort will be closely coordinated with on-going activities of the electric utilities, such as the AID-funded rural electrification program in Guatemala (PER-II) and the proposed but as yet unfunded PER-III (Plan Quiquinal), the World Bank-funded program with BEB in Belize, The Aguan Valley Rural Electrification Program Evaluation in Honduras, the Inter-American Development Bank-funded programs in Costa Rica and Panama, and the various local institutions, such as the region's engineering and technical schools.

The expected outcomes of this activity by the end of the project include:

1. Increased rate of rural electrification investment.
2. Higher financial rates of return.
3. Increased number of isolated (off-grid) communities served.
4. Adequate and continuing supply of trained management and technical personnel.
5. Increased reliability of electric service
6. Lower economic costs of rural electric systems.
7. Feasibility studies for appropriate complementary and follow-on projects.

(iv) Productive Uses of Electricity Programs:

Provide technical assistance and training, as necessary, to national programs of productive-use promotion throughout the region, including the possibility of a regional productive uses training/demonstration facility.

It is proposed that this component will entail: (1) an assessment of the demand for electricity in productive activities for rural areas of Central America, particularly those leading to increased agricultural incomes and employment opportunities, (2) increasing the awareness of the importance of productive uses promotion on the part of personnel of electric utilities, government ministries, and other agencies involved in rural development, (3) a series of national or regional workshops on productive-uses promotion, (4) improving capability of utilities' personnel to plan and implement productive use promotion programs, and (5) the initial design of follow-up activities, as necessary, in training, research and development, productive uses investment credit, demonstration and other areas.

Several options will be considered to establish a lasting productive use support program in the region. One is to add a productive uses of electricity curriculum with associated equipment at the Zamorano Pan-American Agricultural School in Honduras or an alternative institution in the region.

The expected outcomes of this activity by the end of the project include:

1. Increased rate of rural electrification investment.
2. Higher financial rates of return.
3. Existence of active productive-uses programs.
4. Increased usage rates in economic and productive uses.
5. Increased consumption of electricity in rural areas.
6. Feasibility studies for appropriate complementary and follow-on projects.

The CARES Project will attempt to forge lines between on-going and planned pre-investment activities by the utilities, and the recommended institutional, technical, and economic reforms. To promote the integration of CARES outcomes with other-donor capital development projects, technical assistance will be provided to carry out selected project pre-feasibility and feasibility studies for grid extension and/or decentralized power projects, for both public and private capital financing. These activities would focus on innovative technical, institutional, and financial approaches to rural electrification and power supply growing out of the four primary project components.

2. Approach

The overall approach to achieving the CARES Project objectives is to provide an on-going, sustainable capacity within the region to meeting the continuing and changing technical, management and training assistance needs of rural electric programs in Central America.

The strategy will key on building a sustainable regional network of highly qualified rural electric professionals to carry out the assistance programs that are envisioned in the CARES Project plan. The Project approach will therefore place a high priority on identifying the best available candidates from both the public and private sectors to receive training in the form of intensified coursework and on-site training programs, and from serving in counterpart roles on teams of specialists that will be assembled to carry out the Project components.

An important complementary feature of this general approach is to have the Project serve as a coordinating agent for the diverse on-going and planned donor activities in Central American rural electrification.

3. Implementation

The Project will be implemented in several stages, beginning with an initial planning phase and succeeding stages thereafter to permit periodic review and amendment, if necessary, to the Project direction and structure.

The purpose of the planning stage, Phase I, is to develop a well defined long-term plan for the CARES Project in consultation with the various AID offices involved, appropriate institutions in the national governments, regional institutions, and offshore organizations participating in rural electrification funding in the region. Annex 1 provides a detailed workplan for this activity. The chief output of this initial phase will be a complete, detailed version of the Phase II Project Description, including work plans, outputs, budgets, and the end of project status.

Subsequent modifications will take place on an annual basis, based on formal NRECA-ROCAP project reviews, with a major mid-term evaluation for possible course correction, anticipated to take place during 1989. Likewise, ROCAP's quarterly approval of NRECA detailed work plans may also lead to on-going adjustment and refinement of the project during its execution. Additional letters from ROCAP project management may also be issued at any time in order to guide the process of project implementation.

4. Administration

The Project will be administered by the National Rural Electric Cooperative Association from a field office in Guatemala City and directed from its main headquarters office in Washington.

NRECA has designated a CARES Project Coordinator who will be stationed at its headquarters office and will have responsibility for oversight, as well as for recruitment of U.S. consultants. Based upon the findings of Phase I activities, it is expected that, for Phase II activities, NRECA will also recruit, in cooperation with ROCAP, a Project Manager, a Technical Systems Advisor and a Power Use Advisor, all U. S. citizens, and Central American counterparts for these professional positions. The Project Manager will be responsible for setting up an office in Guatemala City and will have direct responsibility for managing all project activities, as well as for reporting to the POCAP Project Officer. ROCAP expects that this long-term Project Manager will be fully incorporated in the Phase I activities on a "Home Office Professional" short-term basis.

(As part of this project, the Oak Ridge National Laboratory (ORNL) will provide advisory services to ROCAP from time to time, including carrying out the two formal evaluations that are planned. The services of ORNL will not be contracted under this Cooperative Agreement, but rather as a buy-in to the existing AID/DOE PASA.)

5. Reports and Evaluations

NRECA will submit to ROCAP a detailed report upon completing Phase I and at the conclusion of each 12-month period during the Project.

Throughout the Project period, the NRECA Project Manager will present quarterly status reports to ROCAP describing progress in the various aspects of the Program, problems encountered, and a narrative discussion of plans for the next quarter. These reports will contain other information ROCAP may reasonably request in a format acceptable to ROCAP.

Detailed quarterly work plans will also be prepared which will revise and refine the programming presented in each annual work plan. These quarterly work plans will provide specific dates for travel, reports, seminars and other project events for each 3 month period.

The Project Manager will also present quarterly accounting reports to ROCAP that summarize disbursement and accruals and their relation to the budget guidelines of the work plan. Such reports will be prepared by the Accounting Department of NRECA in Washington, D. C.

The ORNL PASA will provide for a mid-point evaluation of the CARES Project during 1989, which will be used as a guide to assist in course correction, if necessary. A final evaluation will be provided to ROCAP no later than ninety (90) days after completion of the Project.

ANNEX I. PHASE I WORKPLAN

PURPOSE

To assemble and present a more detailed project plan for the CARES Project in collaboration with KOCAP, participating bilateral AID Missions, appropriate host-country public and private organizations, and participating regional organizations.

STATEMENT OF WORK

A. Primary Activities:

1. Discuss the CARES report and recommendations with USAID Missions, senior utility management personnel, appropriate government officials and appropriate regional organizations.
2. Clarify the degree to which individual countries are to participate in each of the proposed project activities and identify the objectives of each of the proposed activities for each of the countries involved in the Project.
3. Enter into agreements between the NRECA and participating national counterpart organizations and regional organizations, specifying the role of each with respect to project implementation.
4. On the basis of the above, establish a detailed work plan for the first year of the program. The plan will include: statements of goals and objectives for each of the components, activities, terms of reference for subcontracts, staffing plan, time-tables, budget and reporting procedures, and
5. Revise objectives, outputs and the end of project status and forecast project activities for the remainder of the five-year term of the Project, as needed.

B. Phase I report outline:

1. Review background and objectives of Phase I.
2. Summary of project activities to be carried out, discussions and agreements reached with host-country organizations, and USAID Missions.
3. Review of proposed linkages with other donors.

4. Annexes:

- a. Completed CARES project description.
- b. Memoranda of understanding with participating governments/utilities/regional organizations.
- c. First-year workplan and budget.
- d. First detailed quarterly work plan.

C. Products to be Presented for ROCAP Review and Approval Prior to Initiation of Phase II:

1. Well defined CARES project description, including more precise definition of the problem, proposed activities, outputs and end of project status.
2. Quantifiable indicators for each component of the project, including quantifiable base-line data which shall include, but not be limited to, the following:
 - Accurate macro-level calculation of power system losses (financial, technical, and administrative) for each country and a target level of reduced losses by end of project. (Revised project description should detail how systems losses will be measured more precisely on a regular basis);
 - Current percent of rural electrification which is being generated or extended from central grids by private sector investment. Increase in percentage of total investment or projected level of new investment by the private sector which is projected by the end of project (How will NRECA's performance in promoting such new investment be measured?); and
 - Current rates of financial return by country, a review of acceptable rates of return by international standards and projected rates which are achievable with NRECA assistance by the end of the project? (How will this be measured over the life of project?)
3. Detailed discussion of the current policy and institutional framework in each country which is contributing to the financial and economic inefficiencies of rural electrification programs. A plan should be presented which describes recommended reforms and the approach the project will employ to encourage governments and utilities to adopt them. Intermediate steps and specific outputs should be established which will facilitate measurement of progress in this area.

18

4. The results of a general survey of rural electrification training needs in each country at all levels of management and operations.
5. The results of a general survey of designs, equipment specifications and construction standards in sub-transmission, distribution and household connections which demonstrates the advantages of greater standardization and more appropriate technical approaches for rural electrification.
6. A detailed discussion of on-going and planned power sector investments with other donor financing and NRECA's niche vis-a-vis these investments. Letters should be submitted from other donors expressing their willingness to work collaboratively with NRECA under the CARES project to improve the efficiency of rural electrification programs in Central America.
7. A discussion of the social versus economic/financial factors which contribute to or inhibit new investment in rural electrification. Based on this discussion, describe the approach NRECA proposes to use to enhance government commitment (Ministries of Finance and Energy as well as public utilities) to rural electrification programs.
8. Detailed scope of work for a rural electrification demand assessment which includes, but is not limited to, productive use considerations. This assessment should be scheduled for completion during the first six months of Phase II.
9. Memoranda of Understanding with participating governments/utilities/regional organizations, which address the following:
 - a) Willingness of countries to participate in the project;
 - b) An understanding of the objectives, components and desired end of project status;
 - c) Commitment to cover costs related to project activities (e.g. making staff available for joint activities with NRECA advisors; carrying out productive use promotion programs; etc);
 - d) Recognition of major policy and institutional areas needing reform and willingness to direct best efforts towards enacting needed reforms to be mutually agreed upon under the project.
10. A more detailed budget for both the five-year program and the first-year workplan.
11. Preliminary plans regarding regional network and coordination in rural electrification sector.

D. Action Plan:

1. Field preparation during the first two weeks will include the following specific activities:
 - a. Team reviews CARES study data and up-to-date technical information available from donors.
 - b. Translate cooperative agreement outline and send to Missions. Send USAID Missions copies of the cooperative agreement itself.
 - c. Prepare travel plans with USAID Missions and key government and other agencies in each of the targeted countries.
 - d. Prepare boilerplate memorandum of understanding to use in discussions with appropriate host-country agencies. ROCAP clearance of the boilerplate language will be required prior to the initiation of negotiations with the host country agencies.
2. The proposed general schedule for the country visits is as follows:
 - a. Discuss CARES Project outline with USAID Director and staff and review schedule.
 - b. Meet management-level representatives of key government agencies to discuss substance, means, and expected outcomes of their participation in the project.
 - c. Meet management-level representatives of appropriate regional technical institutions to discuss possible project implementation roles.
 - d. As necessary, hold detailed follow-up discussions and field trips with appropriate national and regional agency technical staff.
 - e. Meet with representatives of multilateral and bilateral donors that are supporting rural electrification.
 - f. Secure memoranda of understanding with appropriate national authorities after clearing drafts with respective bilateral USAIDs.
 - g. Prepare data and analyses, as needed, and other documentation resulting from discussions and field visits.
 - h. Review with each USAID the results of the visit and planned follow-up.

Key Ministries, Agencies, and Institutions

Country	National Ministries and Agencies	Regional Technical Institutions
Belize	Ministry of Energy and Communication Ministry of Public Works Belize Electricity Board	
Honduras	CONSUPLANE Ministry of Economy Ministry of Public Works and Communication ENEE	Zamorano Pan-American Agriculture School Central American Bank for Economic Integration
Costa Rica	Minister of Mines, Industry and Energy ICE The rural electric cooperatives The municipal electric companies	Central American Institute for Business Administration Tropical Agriculture Research Training Center Inter-American Institute for Agriculture University of Costa Rica Engineering Department The Institute for Public Policy Development
Panama	National Department of Community Development Agricultural Development Bank Autonomous Panamanian Institute of Cooperatives IRHE	