9300050-②
PD-AAG-426-B1

930-0050

Although this program has not been approved, it is being funded on a period to period basis (4 months - 6 months - 12 months) rather than being funded for the full 5 year period.

The program is being implemented by the grantee, but for internal reasons the project paper has not been approved.

per telephone conversation with
Ed Lijewski, PPC/PDPR, 632-1772 (3/5/81)

PROPOSAL FOR CONTINUED AID SUPPORT

World Trade Institute Project

(Export Development and Trade Promotion Assistance)

November, 1978

AID/W
PPC/PDPR/RI

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT PAPER FACESHEET

1. TRANSACTION CODE: A (A = ADD, C = CHANGE, D = DELETE)

PP

2. DOCUMENT CODE: 3

3. COUNTRY/ENTITY: WORLD TRADE INSTITUTE

4. DOCUMENT REVISION NUMBER: 1

5. PROJECT NUMBER (7 digits): 930 - 0050

6. BUREAU/OFFICE: A. SYMBOL: PPC; B. CODE: 01

7. PROJECT TITLE (Maximum 40 characters): Export Development and Trade Promotion

8. ESTIMATED FY OF PROJECT COMPLETION: FY 85

9. ESTIMATED DATE OF OBLIGATION: A. INITIAL FY 79; B. QUARTER 3 (Enter 1, 2, 3, or 4); C. FINAL FY 85

10. ESTIMATED COSTS ($000 OR EQUIVALENT $1 -)

A. FUNDING SOURCE	FIRST FY B. FX	FIRST FY C. L/C	FIRST FY D. TOTAL	LIFE OF PROJECT E. FX	LIFE OF PROJECT F. L/C	LIFE OF PROJECT G. TOTAL
AID APPROPRIATED TOTAL	290		290	2,405		2,405
(GRANT)	(290)	( )	(290)	(2,405)	( )	(2,405)
(LOAN)	( )	( )	( )	( )	( )	( )
OTHER U.S. 1.						
OTHER U.S. 2.						
HOST COUNTRY	140		140	1,631		1,631
OTHER DONOR(S)						
TOTALS	430		430	4,036		4,036

11. PROPOSED BUDGET APPROPRIATED FUNDS ($000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE C. GRANT	PRIMARY TECH. CODE D. LOAN	E. 1ST FY 79 F. GRANT	E. 1ST FY 79 G. LOAN	H. 2ND FY 80 I. GRANT	H. 2ND FY 80 J. LOAN	K. 3RD FY 81 L. GRANT	K. 3RD FY 81 M. LOAN
(1) ST	730I	840		290		506		476	
(2)									
(3)									
(4)									
TOTALS									

A. APPROPRIATION	N. 4TH FY 82 O. GRANT	N. 4TH FY 82 P. LOAN	Q. 5TH FY 83 R. GRANT	Q. 5TH FY 83 S. LOAN	LIFE OF PROJECT T. GRANT	LIFE OF PROJECT U. LOAN
(1) ST	466		466		2,405	
(2)						
(3)						
(4)						
TOTALS						

12. IN-DEPTH EVALUATION SCHEDULED: MM 03 YY 82

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

1 (1 = NO, 2 = YES)

14. ORIGINATING OFFICE CLEARANCE

SIGNATURE: Edward S. Hogan

TITLE: Associate Assistant Administrator PPC/PDPR

DATE SIGNED: MM 11 DD 01 YY 73

15. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

AID 1330-4 (3-78)

TABLE OF CONTENTS

I. Relevance of Problem Area and Need for Expertise 1

A. LDC Exports and Basic Human Needs

1. Larger Employment and Production
2. Other Internal Benefits
3. Larger Foreign Exchange Earnings

B. Actions Needed

1. Developed Country Policies
2. Improved LDC Policies and Practices
3. Donor/LDC Cooperation in Other Areas

a. Actions Needed to Expand LDC Exportable Production

i. Identification of Export Opportunities
ii. Increased Production
iii. Design/Redesign of Production Processes and Products
iv. Actions in Marketing/Merchandising

C. Availability of Expertise

II. Grantee Performance and Results to Date 9

A. Achievement, or Progress Towards, Grant Purpose
B. Development and Application of Relevant Approaches to Serving LDC Needs in Export Development
C. Progress Towards Financial Viability
D. Peer Recognition

III. Proposed Program, 1979-84 20

A. Rationale for Request
B. Projected Program Activities, 1979-84

1. Program Elements, 1979-84

a. Training
b. Technical Assistance

C. Impact of Program Activities

TABLE OF CONTENTS (Con't)

D. Proposed Budget
E. Probable Consequences of Non-Extension of Grant
F. Grantee Commitment to Long-Term Involvement
G. Prospects for Other Funding

IV. Grant Design and Implementation/Administrative Arrangements 37

A. The WTI
B. AID
C. Reporting
D. Evaluation

Annexes:

Revised Logical Framework Annex A

WTI Staffing Projections Annex B

PROPOSAL FOR CONTINUED GRANT ASSISTANCE

WORLD TRADE INSTITUTE PROJECT

I. Relevance of Problem Area and Need for Expertise

A. LDC exports and basic human needs. Satisfaction of basic human needs (BHN) in LDCs, a goal to which the U.S. is committed, requires changed policies and practices from both donors and LDCs. Continued work in current priority areas through support for basic agriculture, health, education and human resource development and population planning is essential. However, LDCs and donors must also explore and develop different policies and program approaches, so as to encourage the kind of growth with equity that will improve the living conditions of the poor in a meaningful and sustained fashion. Increased LDC exports is one of the most important means toward this goal - a means largely ignored by AID and other donors in recent assistance efforts.

Satisfaction of basic human needs at essence involves providing employment opportunities and goods and services required by the poor. Increased exports:

-- provide additional employment opportunities which are virtually a pre-requisite for the poor to satisfy basic needs and share more equitably in the fruits of growth;

-- stimulate increased production not only in the export sector but also indirectly in other parts of the economy, thus further contributing to employment generation and making goods available to the poor; and

-- can be the major source of foreign exchange for LDC imports needed for both economic-social development generally and the direct satisfaction of basic needs.

Thus, increased exports help speed up economic growth for the satisfaction of basic needs without excessive dependence on foreign aid or other more costly forms of financial transfers.

Indeed, if it is to be successful, the task of meeting LDC basic human needs will depend far less on significant levels of foreign aid or other transfers than on increased and diversified economic growth processes directly involving the poor. Helping LDCs to achieve such growth and development is an essential responsibility of AID and other concerned donors.

Larger employment and production. Additional and more productive jobs are a key element in satisfying basic human needs, since the poor thus obtain the income needed to purchase essential goods which they or others produce. Increased production for exports is an especially important source of such jobs, since many LDCs have an actual or potential comparative advantage in labor-intensive production, often based on domestic agricultural materials or involving light manufacturing. Further processing of such materials is therefore a natural route to take. Moreover, increased production for export inevitably stimulates production and employment in areas related to exports, especially in the production of inputs for export industries. For example, processing of agricultural materials for export can provide a strong stimulus to domestic agricultural production; and, particularly where small farmers are the source, the processing provides increased employment and income for rural as well as urban poor. Finally, the higher levels of production and income in exporting and related areas stimulate

production and employment generally as was true most strikingly for countries such as South Korea and Taiwan.*

2. Other internal benefits. Higher quality of production, as well as lower unit costs and greater efficiency generally, tend to accompany the increased specialization of production. These trends are facilitated by the larger international markets and in fact are normally required if LDCs are to satisfy the more rigorous standards of international competition and expand their foreign sales further. Finally, the larger government revenues which resulted from the increased production and income can be made available to facilitate the development of agriculture as well as such other priority sectors as education and health/population.

3. Larger foreign-exchange earnings. Foreign exchange is needed not only to finance imports essential for economic-social development generally and to service foreign debt but also for the direct satisfaction of basic human needs.** Increased exports cannot meet these short-term LDC needs except for a very few LDCs who are already well established in international markets; and benefits would be particularly slow to materialize for most of

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* The increased employment could be channeled in larger proportion to the poor if LDC governments simultaneously encourage the establishment or expansion of small-scale industry, since effective demand for local manufactures will have been increased by the larger income for exports. Governments can also help small-farm agriculture to share increasingly in the benefits - for example, by encouraging the establishment or expansion of farmer cooperatives or trading companies to buy and market products from small farmers and assist them to produce high, uniform-quality goods for export.

** Note that LDC needs for foreign exchange have intensified since 1973 because of the quintupling of oil prices, the sharply increased prices for for manufactures imported by LDCs, the slow growth in OECD markets for LDC goods, with a consequent dampening effect on prices and volume of LDC exports, and also the failure of concessionary aid to increase nearly as fast as LDC needs.

the lower-income countries. However, intermediate-term opportunities are great, according to World Bank reports, with the magnitude of increased LDC export earnings dependent upon both internal (i.e., LDC) and external (i.e., developed-country) actions.***

B. Actions Needed

Three kinds of actions are required for a rapid expansion of LDC exports:

-- a more generous acceptance of LDC exports by developed countries;

-- improved LDC policies and actions along lines which would encourage rather than inhibit developing-country exports; and

-- cooperative actions by donors and LDCs to make economic-social policies more conducive to production and exporting, to raise the levels and quality of LDC output, and to improve LDC marketing capabilities.

1. Developed-country policies. Aid agencies have had only limited abilities to influence government policies regarding trade issues of importance to LDCs, mainly because of the stronger positions and increasingly protectionist sentiments of organized labor and industry. Accordingly, while AID (and other aid agencies) should continue to do what it can to reduce existing trade barriers and prevent or slow down the erection by protectionist forces of new barriers against imports from LDC, the main focus should be help for LDCs to expand their exports under current circumstances.

***"Trade Liberalization and Export Promotion," June 30, 1977; and "World Development Report," August, 1978.

2. Improved LDC policies and practices. If LDCs are to obtain substantial benefits from a possibly more liberal developed-country acceptance of their exports in the future, they must remove some of the obstacles to larger exports which they themselves have erected and also provide positive incentives to their exporters. Such LDC actions, as noted earlier, can yield even greater benefits to LDCs than feasible changes in developed-country policies, and they need not wait for improvements to be made in worldwide trade policies.

This area is of course the responsibility of the LDCs themselves.

3. Donor/LDC cooperation in other areas. Regardless of improvements in donor and LDC policies and practices, there remain a number of other areas in which LDC export activities would benefit from donor assistance. The needs are primarily for (a) larger production of exportable goods and (b) marketing improvements. It is particularly in these areas that the AID/World Trade Institute project can be of significant assistance to LDCs.

Actions Needed to Expand LDC Exportable Production

If LDCs are to have products to sell abroad, they must take (inter alia) one or more of the three following basic actions: (a) identify export opportunities, (b) increase production of appropriate exportable items, and (c) design or redesign production processes and products. Some of the specific action requirements and for which expertise generally is not available in LDCs themselves are the following:

(i) Identification of export opportunities. Production-cost comparisons, market studies, industry and factory evaluations, etc., are needed as a basis for identifying export opportunities. Studies of overall and export policies in the LDC, including foreign-exchange rates, tariffs, and other factors affecting LDC price levels, may also be needed. (Ideally, the price system itself should ensure that export opportunities come to the attention of both LDCs and aid donors. Experience in many LDCs, however, suggests that this ideal has often not worked out in practice.)

(ii) Increased Production. Further processing of traditional exports is more likely than production of new complex manufactured items to meet the criterion of production only where the LDC has an actual or potential comparative advantage. This is particularly true if the processing is labor-intensive and additional capital requirements are not large. Expanded production and export of commodities may also be appropriate for some LDCs, while manufactures may be appropriate and even essential for the more advanced LDCs, especially in view of the more rapid growth of world demand for them. Providing the right economic climate for exporters may be sufficient in some LDCs, whereas technical and capital assistance is essential for others, especially the least developed.

(iii) Design or redesign of production processes and products. Especially for the less advanced LDCs, there is a clear need for technical assistance to insure that LDC products are of high and uniform quality, competitively priced, and also suitably designed and packaged for overseas tastes.

(iv) LDC Actions in Marketing/Merchandizing

Once high-quality competitively priced, appropriate production is available for exporting, the problems of sales abroad must be addressed. Although many or most of the kind of actions needed in this area are generally known, experience has shown that LDCs require assistance in both identifying such areas where assistance is needed and in carrying out the actual activity itself.

These areas include:

-- developing a marketing and distribution strategy

-- market diagnosis

-- test marketing

-- implementation of the strategy in a target market(s)

D. Availability of Expertise

In all of the above areas, LDCs require expert assistance although, particularly for the poorer LDCs, the capacity to pay the full costs of such assistance at least initially, is limited. However, such expertise, in training and technical assistance, is available on a continuing basis internationally principally from two sources: the UNCTAD/GATT International Trade Center (ITC), and the AID/WTI program. In the case of the ITC, LDCs, in accordance with U.N. procedures, may be eligible to request varying amounts of ITC assistance. Under the AID/WTI program, "core" support from AID has established and supports the program's continuing institutional capability, including particularly its training programs which rely substantially on core support, enabling the program to respond to LDC requirements for expert services with charges for those services set in accordance with countries' abilities to pay.

LDC needs for such expertise are larger than the resources and capabilities of these institutions.

Many LDCs have established national export development and promotion institutions. Even in such cases, these institutions frequently rely on expertise and assistance available from the ITC or WTI for help in perform-in their missions.

II. Grantee Performance and Results to Date

A. Achievement of or Progress Towards, Grant Purpose

In 1973, AID signed a grant agreement with the World Trade Institute (WTI) "in furtherance of the mutual interest of the Grantor and Grantee to contribute to the ability of the developing countries to expand their export potential." The purpose of the grant, which had a life-of-project of five years, was to provide assistance to the Grantee to develop institutional capability to provide and administer, directly and as an intermediary, the various services in the field of export development assistance which fall into the following categories:

-- Education and Training

-- Research Supervision and Development Planning

-- Technical Assistance and Advisory Services

As the grant agreement is scheduled to expire on February 29, 1979, an evaluation of the program was recently conducted to assess the degree to which the objectives originally established for the program were achieved.(*) The evaluation reviewed in-depth the activities and operations of the program, and the interested reader is referred to that document for detailed comments/ recommendations. However, the principal findings and recommendations of that report were:

-- That the original project purpose has been essentially achieved. The WTI has developed a valuable institutional capability for assisting LDCs in export development and trade promotion that

*NOTE: The Evaluation Report is distributed to interested AID/W offices with this proposal as a point of reference on the background and progress of the AID/ WTI program, and as a source of more detailed information, if required, for review of the proposal.

would not have existed otherwise. The clear and growing trend of LDC requests to the WTI for assistance, backed by increasing LDC willingness to pay for such services, constitutes conclusive evidence of institutional relevance and acceptability. Significantly, start-in 1973 with no income other than from AID "core" support, by the end of 1977, "outside" funding -- principally from client LDCs -- represented over 31% of total WTI funding. An additional increase for 1978 is expected.

-- WTI's program meets many LDC needs in non-traditional export development and trade promotion. The WTI's institutional capability is responsive to the needs not only of AID's client countries but also of the broader universe of developing countries--the middle income developing countries--whose sustained economic growth depends closely on international trade. The WTI's approach is fully consistent with current AID policies, in general as well as in specific areas as e.g., technology transfer, and is also in keeping with the U.S. concern for improved trade prospects for the developing world as a whole as a means of generating the rapid economic growth which is fundamental to any development strategy.

-- Project outputs have been produced in accordance with original targets. The relevance of these outputs--technical assistance and training--as perceived by WTI's clients is substantial. Judging by the reactions of its clients, the WTI has done an excellent job in providing technical and specialized assistance services and a very good job with training activities.

-- In spite of methodological difficulties in attributing an individual country's export performance to assistance provided by the program, it is reasonable to conclude that the program does contribute to the project's established goal of achieving an "increased participation of a growing number of LDCs in international trade, and incorporation of an increasing number of persons in the production process."

-- The WTI has become recognized as an institutional source of expertise in export industry development and trade promotion assistance by its peers, national and international export development organizations who increasingly request WTI assistance or collaboration in efforts to develop or increase LDC exports.

The basis for and other details of the above findings are contained in the Evaluation Report which clearly concluded that continued AID support for the WTI program is warranted and that serious consideration should be given to supporting an expansion of the program.

B. Development and Application of Relevant Approaches to Serving LDC Needs in Export Development

The WTI program meets the needs of LDCs in export development through two means: (1) the offering of general and specialized training courses and seminars/tutorials; and (2) the provision of specialized, tailored-made technical assistance activities (the "Trade Laboratory").

Although training and technical assistance in export development is also provided by the UNCTAD/GATT International Trade Center (ITC), the WTI program is unique in its emphasis on tailoring training programs to LDC participant's needs and its "hands-on" approach to the provision of specialized technical assistance to LDC clients. These concepts and approaches were developed under the existing AID grant and have met substantial, growing receptivity by LDC clients. The WTI Evaluation Report concluded the program's services were found to be of high quality and relevance by its clients.

In the area of training, the WTI currently offers twice a year, a six-week course at its New York offices for international trade participants on Export Industry Development and Trade Promotion with Workshops in Applied

Marketing. In this course the general principles of export development are used to develop a specific marketing strategy for a particular product(s) judged to have a high export potential for the LDC. The Course provides intensive training for senior public and private sector executives responsible for planning, organizing and managing export development and promotion activities for export markets. The training program begins in the participant's home country with selection of an export product or industry and analysis of supply capability. The program continues in New York with identification of target market and applied marketing research, analysis of market structure and competitive marketing situations; estimating sales potential and setting of sales objectives; product adaptations to meet target market requirements; developing market strategies on pricing and costing; evaluation of channels of distribution; promotion techniques; compliance with import regulations and procedures; country export promotion policy and techniques; and commercial policy.

Portions or all of the above individual topic areas are also covered by the WTI in "in-country" training programs and tutorials (which involve usually one or two individuals pursuing export development study under WTI guidance in New York). In-country training and tutorials are, by their nature, tailor-made to address specific LDC country, sector or industry needs.

Under the "Trade Laboratory" program, the WTI has developed the following specialized approaches (called "hands-on" assistance by the WTI) to individual needs of clients LDCs:

INDUSTRIAL SURVEYS

An analysis performed in-country to determine whether or not a specific industry manifests the requisite capabilities to export.

FACTORY EVALUATIONS

An analysis performed in-country of the physical facilities, managerial capabilities, and the product being manufactured to determine individual and combined export suitability and capability.

BIRD'S EYE VIEW OF MARKET

A general overview of the current happenings in a foreign market for a particular product, including information on supply and demand, as well as pricing and distribution.

EXPORT POTENTIAL ANALYSIS

An analysis done both in New York and in-country to determine the feasibility of exporting a specific project to a chosen target market.

EXPORTERS GUIDE

A general document which includes a broad market overview and an exposition of general marketing and distribution mechanism in relation to broad product categories.

PRODUCTION GUIDE

An operational blueprint for specific factories which integrates the elements of production and product development into a systematic procedure, and methods of implementation to meet the product requirement of a chosen target market.

MARKETING GUIDE

An operational blueprint for specific factories and products, which synthesizes the elements of marketing and distribution into a systematic strategy; and methods of implementation to meet the requirements of the chosen target market.

INVESTMENT PROMOTION SERVICES INDUSTRIAL FREE ZONES

The design of a marketing plan and its implementation which emphasizes identification and recruitment of American corporations.

Also offered are consulting services for setting incentives for export and investment, as well as organizational structures and systems.

INDUSTRY WORKSHOPS/CLINICS

An in-country training program which combines lectures and seminars with specific factory visitations to identify and diagnose production, product and/or marketing problems which inhibit exports. "First aid" is given on the spot and long term problems diagnosed.

MARKET OPPORTUNITY SERVICE

Services designed to give Government Trade Centers, Export Promotion Centers and External Trade Departments of Ministries access to professional marketing and merchandising expertise on a "when needed" basis to supplement their internal staff both at home and abroad. The service includes identification of needs, product evaluation, market diagnosis and test marketing, identification of specific buyers, as well as a final diagnosis of steps to be taken to overcome elements which inhibit export.

INSTITUTIONAL ANALYSIS

An analysis and evaluation of the effectiveness of an export promotion center or organization in: (a) achieving its goals; (b) translating its government's economic and development policy to an operationally effective export strategy in close relationship with the private sector.

Table I and II, below, present data on WTI training programs and participants and Trade Laboratory projects under the AID grant.

Table I

WTI Training Programs

	Six-Week Export Ind. Dev. and Trade Promotion		Tutorials (Participants)	In-Country Programs	
	Courses	#'s of Participants		Courses	#'s of Participant
1973	1	53	2	-	-
1974	-1/	-	9	-	-
1975	1	29	3	-	-
1976	1	20	3	1	49
1977	2	45	4	2	100
1978 (to 8/31/78)	2	40 2/	1	3 3/	355

1/ Note: No Six-Week program was held in 1974 due to AID/W inability to assure WTI of available funding for WTI operations at that time. Accordingly, the course was canceled, with applicants encouraged to resubmit applications for the course later.

2/ Total includes 23 approved participants scheduled for participation in the Fall, 1978, 6-week course which commences September 25, 1978. Total approved for both courses was 45; 5 were unable to make prior commitments to attend.

3/ Includes a one week seminar in Nigeria, a one week seminar in Argentina, and a 12 week seminar in Jamaica.

Table II

Trade Laboratory Projects (*)

1973	- 0 -1/
1974	2
1975	8
1976	20
1977	14
1978 (to 8/31/78)	14

(*)Note: A "Project" is defined as a discrete assistance activity, based on a scope of work and contract agreed to by the WTI and a client.

1/ Note: Period of initial contacts with and visitations to potential clients to secure future projects.

The salient point demonstrated by the above data on the WTI's Training and Trade Laboratory activities is the substantial and increasing number of training programs offered and participants benefiting, and specific Trade Laboratory projects carried out.

C. Progress Towards Financial Viability

The PROP for the initial AID grant postulated financial viability for the WTI program after five years of AID-funded support. The Evaluation Report states that such a target was unrealistic even within five additional years although increased progress towards generation of outside or non-AID sources of program revenue could and should be achieved. Table III, below, presents data on the WTI's performance against this criterion to date. As the data clearly show, the program has made substantial progress towards this objective. Continued AID support can be expected to enable the program to demonstrate continuing progress in this area.

Table III

WTI - Annual Breakdown of Funds Received

Year	Core	Outside(*) Funding	% Outside Funding to Core	Total Funding	% Outside(*) Funding to Total
1973	94,077	2,500	2.6%	96,577	2.5%
1974	358,474	35,936	10.0%	394,410	9.1%
1975	382,187	114,970	30.1%	497,157	23.1%
1976	382,864	118,763	31.2%	501,627	23.6%
1977	245,051	100,419	41.0%	345,470	32.1%
1978(**)	405,194	236,450	58.3%	641,644	36.8%

(*) "Outside Funding" includes: AID Missions, AID/W Regional Bureaus, International Organizations, and LDC public and private sector entities.

(**) Estimated.

D. Peer Recognition

During the period of the AID grant to the WTI, LDCs could, and did, obtain assistance in export development from national export development and/or promotion agencies, where these existed, or from two international organizations other than the WTI: the International Trade Center (ITC) of the UNCTAD/GATT in Geneva, and the Inter-American Export Promotion Center (CIPE, in Spanish) of the Organization of American States in Bogota, Colombia. Although, on the international scene, initially neither the ITC nor CIPE were impressed with or appreciated the appearance of the WTI program, the current situtation is quite different.

As detailed in the Evaluation Peport, the ITC has come to recognize the WTI's capabilities and expertise, particularly in the North American market, and to appreciate its methodology for pragmatically ascertaining a country's export potential. The quality of the ITC's convictions about the WTI are manifest in its current negotiations with the WTI for work to be done by the latter institution on the potential for LDCs under the Generalized System of Preferences (GSP) on certain products in the US market.

In 1978, the OAS undertook a review of the CIPE operations which concluded that the CIPE structure should be reduced but that export development assistance should remain available to OAS member countries. This conclusion was based on a feasibility study conducted for the OAS by a private firm which examined, among other things, the institutional capacity, performance and potential of the AID/WTI program and the validity and relevance of its approach to export development assistance. The OAS sent a high level officer and representatives of the private firm to the offices of the AID/WTI program for extensive discussions on this subject which resulted in positive views concerning the capabilities of the program to meet OAS member country needs in export development.

Subsequently, the OAS decided to terminate the CIPE program and further contacts between the OAS and the AID/WTI program have resulted in contracts between these two entities for the provision by the program of marketing and export potential analyses of products from Paraguay and Peru, and an institutional analysis of the El Salvadoran institution in charge

of export programs, all financed by the OAS. All indications are that this relationship will continue and expand as all parties involved - the OAS, its member countries receiving the AID/WTI program's assistance, and the AID/WTI program itself- will benefit from it.

Overall, these actions by the ITC and the OAS constitute a resounding endorsement of the basic concepts of the AID/WTI program and establish the program as a source of international export development assistance fully recognized for its abilities by its peers.

III. Proposed Program, 1979-84

A. Rationale for Request

As detailed in the preceding section,the WTI Program, through its "Trade Laboratory" and Training programs, has developed, implemented and administered a total of 96 programs and projects in 32 developing countries during the period of the AID grant (five years). The AID grant will expire on February 28, 1978. The WTI proposes to continue and expand the activities developed and implemented under the AID grant with continued AID support through the period March 1, 1979 to February 29, 1984.

The basis for continuing and expanding the WTI Program as described in the preceding section and the Evaluation Report, is the following:

- increased demand for WTI services from the developing countries;
- increased willingness of client countries to participate in financing the costs of WTI services to them.

At this point, the WTI Program has reached its limits of expansion under present staffing and financial resources. In order to satisfy the demand for services requested by the developing countries, the WTI proposes a continuation and expansion of its activities, based on a renewal of the AID grant as well as increased generation of funds from client countries.

If the WTI were to simply continue to do the things it is now doing, at the same level of activity, dependence on core funds would decrease to a low level by the fifth year. AID core support, however, could not dis-

appear altogether or the WTI's ability to respond to the needs of the poorest LDCs, which may often most need assistance but are unable to pay, or pay fully, for such services would be eliminated. This consideration is more fully described in the Evaluation Report.

The initial AID grant provided the World Trade Institute with core funding of $1,950,000 over a five year period, or the equivalent of $390,000 on an annual basis. Complementing this core funding the WTI Program generated outside or client-derived revenues for services provided during this period which are estimated to total approximately $610,000 through 1978.

During 1978, the WTI, through its Trade Laboratory and Training Programs will have conducted a total of 19 programs in the United States and abroad. The total cost for these programs is estimated at $636,450, $400,000 to be provided by AID Core funding and $236,450 provided by client countries. Five (5) of the programs will be totally funded by clients.

For the next five years, the WTI requests AID support in the amount of $2,405,000, or the equivalent of about $480,000 on an annual basis. In essence, the requested amount of $2,405,000 over the next five years will provide the WTI Program with the same effective level of core funding as in the original grant. The additional amount of funding requested, $455,000, represents inflationary increases that have occurred from 1973 to 1978, or an erosion of the real dollar value of core funding provided under the

grant of approximately 35%. Sustained dependence on AID core support during the proposed period is necessary and justified as the WTI will be introducing new programs and expanding existing programs to meet LDC needs for export development assistance.

While maintaining the same real dollar value of core funding and continuing to increase the amount of outside or client-derived revenues, the WTI proposes to increase its activities in Export Development by approximately 172% during the next five years in response to the steady upward trend in demand for WTI services as documented in the Evaluation Report.

B. Projected Program Activities, 1979-84

Tables I and II, following, illustrate projected annual WTI activities and projected percentage rate of growth.

TABLE I

PROJECTED WTI ACTIVITIES

	PROJECTED PROGRAMS PER YEAR					
PRINCIPAL PROGRAMS	1979	1980	1981	1982	1983	TOTAL
Technical Assistance						
Trade Laboratory	2	2	3	3	3	13
Market Opportunity Service	4	5	8	10	13	40
Free Zone/Investment Promotion	2	2	2	2	2	10
Client Request	7	10	15	16	17	65
On-going Applied Research(*)	(*)	(*)	(*)	(*)	(*)	(*)
TOTAL TECHNICAL ASSISTANCE	15	19	28	31	35	128
Training						
New York Six-Week Program	2	3	3	3	3	14
In-Country	5	8	12	15	18	58
SUB-TOTAL	7	11	15	18	21	72
Special Training	-	1	2	3	4	10
On-Going Applied Research(*)	(*)	(*)	(*)	(*)	(*)	(*)
TOTAL TRAINING	7	12	17	21	25	82
TOTAL PROGRAMS TECHNICAL ASSISTANCE AND TRAINING	22	31	45	52	60	210

*Applied Research is an integral part of each project/program, i.e., curricula development, industrial research, etc.

TABLE II

PROJECTED PERCENTAGE RATE OF GROWTH BY WTI ACTIVITY

AREA	1979 to 1980	1980 to 1981	1981 to 1982	1982 to 1983	CUMULATIVE PERCENTAGE INCREASE 1979 to 1983
Technical Assistance	27%	47%	11%	13%	133%
Training	57%	36%	20%	17%	200%
Special Training(*)	-	100%	50%	33%	300%
TOTAL	41%	45%	16%	15%	172%

As can be seen in Table I and II, the Institute projects the implementation of a total of 210 programs in the technical assistance and training areas. This represents an increase in activities of 172% during the next five (5) years. This rapid expansion is possible as a result of the institutional capability established by the WTI/AID program under the initial AID grant.

As noted in Table II, the largest increment of growth will occur from 1979 through 1981. During this time, the WTI expects to increase activities at an annual rate of 43%, with the rate of growth decreasing to approximately 15.5% during the latter years.

1978 to 1979, the growth of projects and programs will be kept within reasonable limits in order to train two additional staff members needed for the proposed expansion. One person will be assigned to training activities and other to supporting technical assistance activities. Also, an existing secretary/steno will promoted to a new position - Administrative Assistant - and a new secretary/steno recruited. During this time period, direct promotional activities and product design will be undertaken with client

(*) Per Table I, there is no Special Training program during 1979; therefore, a growth rate could not be determined for 1979-1980. 1979 will be used to develop the curricula for Special Training Programs.

countries who have been identified as potential users of WTI services, but which have not been followed-up or pursued by the WTI because of financial and staffing limitations, as documented in the Evaluation Report.

Program Elements, 1979-84

a) Training

NEW YORK BASED SIX-WEEK PROGRAM

In 1979, development and promotional activities will be undertaken to prepare for an additional New York based six-week program to be implemented in 1980, making a total of three such programs for that period, continuing at a level of three per year during the following years. Each program will have approximately 20 participants, the amount experience with this program has shown to be optimal for both participants and the WTI's capabilities.

IN-COUNTRY TRAINING

From 1980 to 1983, the WTI's In-Country training activities will exhibit a rapid expansion as a result of the development work which took place during the initial Grant. The WTI has six (6) distinct programs that can be individually tailored to a particular country's export development needs. Programs very from one week duration up to 30 days duration. (Currently, in Jamaica, a typical 30-day program has been extended to 90 days by presentations to diverse audiences in different locations.)

SPECIAL TRAINING PROGRAM

In 1979, curriculum development will be completed for a new program to train Port Managers and their staff from developing countries in Port Operations/Administration.

b) Technical Assistance

TRADE LABORATORY

This activity will remain at two per year until 1981, at which time three (3) projects per year will be undertaken. These are in-depth export development projects which usually take between 12 and 15 months to design and implement.

MARKET OPPORTUNITY SERVICES

The WTI expects that this activity will exhibit a large amount of growth from 1979 through 1984, due to the promotional and developmental efforts that have been undertaken during the period of the existing Grant and the favorable response to this service evidenced by client countries and international organizations who have contracted and are presently contracting for this type of assistance.

The WTI is confident it has developed the methodology and staff flexibility which will enable it to systematically perform these services at the rate projected in Table I.

FREE ZONE SERVICES/INVESTMENT PROMOTION

The WTI projects working on two (2) such projects per year over the 1979-84 period, involving either new client countries or extensions of previous agreements. For example the WTI is currently negotiating for the fourth extension to the original agreement with the Free Zone Authority of Puerto Cortes, Honduras.

Recent indications, however, suggest this estimate will be surpassed since the WTI already has understandings for 19/9 with the El Salvador

Free Zone, the Jamaica Free Zone, and expect an extension of the present Honduran Free Zone agreement, for Free Zone/Investment Promotion services.

CLIENT REQUEST SERVICES

This activity, which encompasses Export Potential Analyses, Industrial Surveys, Factory Evaluations, Market Visitations, etc., has shown a large increase in demand. With additional personnel, the WTI will be able to increase activities to meet this demand.

C. IMPACT OF PROGRAM ACTIVITIES

The increase in technical assistance and training previously described will have a significant effect on the developing countries in terms of growth and development of exports through increased production not only in the export sector, but also indirectly in other parts of the economy.

From 1973 through 1978, the WTI trained a total of 713 participants in training programs. For the next five years, based on projected activities, the WTI expects to train a total of 3,280 participants, or more than four and one-half times as many as were trained under the initial grant. Table III illustrates the projected increases.

TABLE III

PROJECTED PARTICIPANTS - TRAINING

YEAR	NEW YORK BASED SIX-WEEK PROGRAM		IN-COUNTRY		SPECIAL TRAINING		TOTAL	
	Courses/Participants		Courses/Participants		Courses/Participants		Courses/Part.	
1979	2	40 1/	5	250 2/	-	-	7	290
1980	3	60	8	400	1	10 3/	12	470
1981	3	60	12	600	2	20	17	680
1982	3	60	15	750	3	30	21	840
1983	3	60	18	900	4	40	25	,000
TOTAL	14	280	58	2,900	10	100	82	3,280

1/ Based on 20 participants per program.

2/ Based on 60 participants per program.

3/ Based on 10 participants per program.

It is difficult to quantitatively measure or project the direct effects such as increased employment, productivity, and technology transfer which results from WTI technical assistance projects. However, as indicated in the Evaluation Report, it is reasonable to conclude that these effects do result from such assistance activities. Assistance to agro-industrial projects, which can be considered typical activities within the WTI's program, contribute to increased direct employment, increased numbers of independent growers (and production) and farm workers in response to increased needs for agricultural raw materials. Free Zone/Investment Promotion projects create new direct employment and stimulate indirectly the creation of other employment through demand for locally produced materials and the increased purchasing power acquired by local populations which significantly stimulates the local economy.

Further consideration and description of these effects are contained in the Evaluation Report.

D. PROPOSED BUDGET

As described in the Evaluation Report, WTI programs in export development have been able to generate funds from client countries including public and private organizations, and international organizations. Included in the latter are entities such as the International Trade Center and the Organization of American States and AID Missions and Regional Bureaus. In 1978, the WTI expects to generate approximately 50% of expenditures from such outside sources. (See the Evaluation Report for details on the development of this trend.)

The WTI expects this trend to continue during the next five years, which comprises the period of the proposed Grant extension. Over this period,

the WTI proposes to expend $4,036,000 in implementing project activities. Of this total expenditure, $2,405,000 is expected to be financed with AID Core funding and $1,631,000 financed by WTI's clients. This will result in an overall ratio for the period 1979-84 of outside income to Core income of 68% versus an average of 31% from 1973 to 1978.

Table IV projects estimated revenues for this period, as well as the relationship between AID Core income and outside income from client countries.

TABLE IV

WTI PROJECTED REVENUES

YEAR	AID CORE SUPPORT	OUTSIDE INCOME*	TOTAL FUNDING	PERCENTAGE OF OUTSIDE INCOME TO CORE SUPPORT
1979	$ 506,000	$ 253,000	$ 759,000	50%
1980	506,000	273,000	779,000	54%
1981	464,334	279,000	743,334	60%
1982	464,333	348.000	812,333	75%
1983	464.333	478,000	942,333	103%
TOTAL	$2,405,000	$1,631,000	$4,036,000	68%

*Includes revenues from all sources other than "core" as described in preceding paragraph.

Table IV, above, projects that the ratio of outside income to core funding will increase from 50% in 1979 to 103% in 1983. (At which time outside income will surpass core funding.)

These projections are based on experience of the AID/WTI programs and are considered realistic. "Outside Income" has grown in a significant and sustained manner over the five years of the AID grant and this trend can be

expected to continue. If anything, the projections may prove to be conservative since the experience of theAID/WTI program has shown that substantial latent demand for export development assistance exists in the LDCs. With more efforts at program promotion by the WTI, as is planned for the proposed five year period, actual, effective demand for the services of the AID/WTI program could easily exceed the levels projected, particularly for years 2 through 5.

The higher budget allocations for 1979 and 1980 from AID core support over later years, the costs of an intensified promotional effort (materials, communications, travel) as recommended in the Evaluation Report, and a slight increase in permanent staff to meet projected demand. No major staff additions are contemplated thus retaining the key concept of a small but experienced and expert core program staff which was endorsed as a management concept by the Evaluation Report. In response to specific project needs the WTI will obtain additional expert services from qualified consultants on "a short-term basis,..." drawing upon the specialized services of individuals as required from the roster of consultants established earlier and used for the same purpose during the initial five-year period. This procedure, as noted in the Evaluation Report, worked satisfactorily for the WTI. Table V, below, and the paragraphs following, present observations on the budget for 1978 and 1980.

TABLE V

Estimated Budget - WTI

1979

I. Core

A. Permanent Staff	Amount
R. Keller	$ 47,000
W. Berke	25,000
J. Pobanz	25,000
J. Buton	20,000
N. Durette	20,000(*)
Entry-Level Staff(2)	30,000
Steno	18,000(*)
Steno	18,000(*)
	$203,000

(*) Port Authority of New York and New Jersey employees whose salaries include a standard 65% benefit package.

B. Short-Term Staff	16,600
C. TOTAL STAFF	$219,600
Support	
Travel	$ 40,000
Communications	40,000
Materials	17,000
Rent	40,000
Other Direct	40,000
Overhead (40%)	144,640
TOTAL CORE	$506,240

II. Short-Term Project Requirements - Outside Income

Short-Term Project Staff	$ 94,000
Travel	45,000
Communications	30,000
Materials	8,700
Rent	- 0 -
Other Direct	3,000
Overhead (40%)	72,285
TOTAL	$252,985

III. TOTAL BUDGET	$759,000

Short-term project expenses will be incurred on a project-by-project basis.

A breakdown for estimated short-term project expenses for years 1980 through 1983, not provided here, would reflect similar proportions between line items.

Core support estimates for 1979 and 1980 are higher than for 1981, 1982 and 1983 reflecting increased efforts directed to program promotion and new program development during those periods.

In order to expand activities, the WTI plans to increase full time staff by three people. Two staff members will be added for work on projects and programs, and a reorganization of the administrative unit will be undertaken with the creation of an administrative assistant position which will be filled from present staff.

Short-term staff requirements (technical support personnel) for development work and applied research will total approximately 130 man days per year. Requirements for additional technical support personnel will be financed as required on a project-by-project basis.

Travel expenses are estimated at $40,000 per year. This includes direct promotional visitations, as well as preliminary visitations to define and delineate future projects.

Communication expenses include telephone, telex, etc. The WTI's methodology for implementing projects has been to use a combination of communications and short term country visitations rather than stationing staff members in-country for the duration of a project, or to generate new business. The WTI has found this system to be extremely effective in providing increased flexibility in the allocation of staff time.

E. PROBABLE CONSEQUENCES OF NON-EXTENSION OF GRANT

The current AID/WTI program will not be able to function without extension of the Grant.

While the WTI expects to increase the generation of outside income on a year-to-year basis, as shown in past experience and projections for the next five years, it has found that these revenues cannot cover the total cost of the services required for developing and implementing export development and trade promotion services for the developing countries.

If the Grant were not extended, the developing countries would lose a valuable and proven resource for export development services that has been built during the last five years through the current AID Grant. Other sources of export development expertise that are available to the developing countries such as private consulting firms, do not provide the in-depth assistance at the moderate cost that the WTI provides, since the WTI is a non-profit organization. Neither private consulting firms nor other international organizations offer the same kind of assistance developed by the WTI over the last five years, namely, the methodology of "hands on" guidance and assistance in implementing projects designed by the WTI to meet individual developing country needs. The AID/WTI program has been designed to supply a need which was perceived as not being satisfied by private or public organizations in training or technical assistance for export development and trade promotion. The AID/WTI program is still the only organization offering the "hands on" approach, as is confirmed and reinforced by actions of public sector organizations(such as the International Trade Center, the Organization of American States, as well as national export development agencies in the developing

countries) who are interested in using WTI services to satisfy the needs of the developing countries, needs which these organizations have not satisfied.

F. GRANTEE COMMITMENT TO LONG-TERM INVOLVEMENT

The World Trade Institute is an arm of the Trade Education and Information Services Section of the Port Authority of New York and New Jersey. The Institute, and the Authority, are committed to the concept of long-term involvement in a program of assistance to developing countries for export development and trade promotion activities as is manifested in the initial grant between the WTI and AID and the current proposal for a continuation of the Program. Fostering the growth of developing countries' participation in international trade is clearly an activity to which the Institute can make a significant contribution and which it is in its interest to make as the Authority and the Institute are charged with furthering the growth of the New York/New Jersey Port area as a key center of international commerce.

Although the Port Authority cannot directly finance the AID/WTI programs activities, it is directly supportive of those activities through the financing it provides to the budget of the World Trade Institute-Trade Education and Information Services Section which is projected to operate at a deficit of $1,000,000 at the end of 1978. Given the size of this deficit, which is expected to continue for the near term at least, a direct contribution by the Authority to the program cannot be expected.

However, in a minor but nonetheless significant way the Port Authority will contribute to the costs of the proposed program by keeping the "overhead rate" (the rate for administering and providing facilities/support to the Program) at 40% of expenditures even though the actual costs has been deter-

mined by AID auditores to be at 56% of expenditures. This 16% differential represents a subsidy of between $60.000 and $75,000 of core support requirements per year depending on amount of AID core funding per year as proposed in Table V.

G. PROSPECTS FOR OTHER FUNDING

As noted earlier, the WTI expects to continue and increase the amount of "Outside" Income generated from clients. In particular, the WTI plans to institute a "pay-as-you-go" system which will require increasing on a selective basis, the charges for each project to those developing countries and projects having the resources to finance the cost of those projects. Any and all income derived from this approach is expected to be incremental to the estimates of Outside Income generation presented in Table IV.

Also, the WTI plans to expand and intensify its relationships with international organizations such as the International Trade Center and the Organization of American States which have indicated substantial interest in contracting for WTI services for LDCs. Once the demand for WTI services from organizations such as these is clearly established, charges for the services will be fully burdened, i.e., reflecting an appropriate overhead as well as actual project costs.

Finally, support to the export development program in addition to the total environment provided by the World Trade Center in which the WTI is located could be explored with the Port Authority of New York and New Jersey at a later stage in the proposed five year period. Currently, the administrative unit within which the WTI operates - the Trade Education and Information Services Section - is running an annual deficit of one million dollars. As noted earlier, subsidy of this deficit by the Port Authority reflects a significant contribution in support of current programs. However,

additional or direct support to the export program will be explored depending upon the success of the AID/WTI program in developing new activities such as the Specialized Programs which are expected to generate "spin-off" business for the Institute as a whole and for the Authority and a reduction in the current deficit.

IV. Grant Design and Implementation/Administrative Arrangements

As shown by the conclusions of the Evaluation Report, the basic design of AID/WTI Program has been found to be satisfactory and relevant to its clients - the developing countries - and no major modifications are required. A revised Logical Framework is attached as Annex A. Revisions concern end-of-project purpose and output indicators. The principal recommendations contained in the Evaluation Report will be incorporated into the Program as shown in the following sections.

A. THE WTI

1. Promotion. A more active and direct promotional program will be instituted in order to increase the awareness of LDCs of the activities offered by the AID/WTI Program. Promotional activities will include direct mailings, field visits, newspaper advertisements, etc., as appropriate.

2. Training. Beginning in 1980, a third New York based six-week training program will be offered. Also, In-Country Training programs will be increased. Further, for both, efforts will continue to adapt curricula on a continuing basis to the real world needs of the trainees.

B. AID

1. Development of AID Policy Paper in Support to Developing Countries' Export Development Needs

This initiative will be carried out by PPC/PDPR and is expected in initial draft for Agency review to be completed in early 1979.

2. Encourage USAID Support to LDC Export Development Activities

Through the above policy, USAIDs will be encouraged to consider active support for developing country export programs (a recommendation of the Report) and AID programming procedures for allocating training funds will be influenced to consider more favorably participants in the export development field (also a recommendation of the Report).

3. Project Management

Transferral of project management responsibilities to either DS or PDC Bureaus will be further studied by PPC/PDPR/RD following signing of the proposed grant. The timetable for effecting this transfer is May, 1979.

C. Reporting

Three Quarterly Progress Reports, and an Annual Progress Report, will be required of the Grantee.

D. Evaluation

Annual formal reviews of the progress of the Program will be held between AID and the Grantee.

ANNEX A

LOGICAL FRAMEWORK

WTI Project

(1979-84)

A. The Project Goal

1. Statement of Goal

To increase the participation of a growing number of LDCs in international trade, particularly in non-traditional products, and therby to increase, directly and indirectly, the creation of employment opportunities for the poor.

2. Measurement of Goal Achievement

Regarding projects which WTI has assisted:

a) Actual or projected increased net foreign exchange income.

b) For non-traditional products, an increase in the exportation of products formerly not sold abroad.

c) Increased number of gainfully employed persons in export-related activities with corresponding increase in their earning power.

3. Assumption of Goal Achievement

a) The world trade pattern will not be upset by unforeseen major political or economic upheaval.

b) The "terms of trade" will not move permanently against the LDCs.

c) Severe "protectionist" trade policies will not be adopted by developing countries which are major actual or potential markets for LDC exports.

Annex A/2

B. The Project Purpose

1. Statement of Purpose

To continue and expand the ability of the World Trade Institute to provide assistance to LDCs in the field of export development.

2. Conditions Expected at the End of the Project

The World Trade Institute will be providing increased export development services to a growing number of LDCs, directly or indirectly with the majority of its revenues derived from sources other than AID "core" support.

3. Basic Assumptions

a) Export development (promotion and diversification) is increasingly recognized by LDCs and international assistance agencies as an important element in economic development.

b) Severe "protectionist" trade policies will not be adopted by developed countries which are major actual or potential markets for LDC exports.

C. Project Outputs

1. Statement of Project Outputs

a) Offering of general and specialized training courses and seminars.

b) Carrying out practical "trade laboratory" and other technical assistance projects.

c) Conducting export development-related applied research within the context of (a) and (b).

d) Maintaining a specialized library on international trade development topics.

2. Output Indicators

a) Competent core staff of 6-8 specialists established.

b) Offering of general and specialized training courses and seminars.

	1979	1980	1981	1982	1983
1. New York based Six-Week Program -	2	3	3	3	3
2. "In-Country" Programs	5	8	12	15	18
3. Special Training	-	1	2	3	4

c) Technical assistance:

1. 2-3 "Trade Laboratory" projects conducted per year.
2. Approximately 40 "Market Opportunity Services" provided over five years.
3. Approximately 2 "free Zone/Investment Promotion" services provided per year.
4. "Client Request" services provided on request.

3. Basic Assumptions

a) LDCs need and request assistance of a U.S. Institution in the field of export development.

b) A sufficient number of qualified and specialized experts can be hired and maintained in long-term employment for the direction and execution of the projects.

D. Project Inputs

1. Statement of Project Inputs

a) AID core cost financing for five years.

b) WTI direction in formulating and executing an integrated program of export development assistance to LDCs through core staff personnel and short-term expert consultants.

Annex A/4

2. Budget ($000)

Core Cost Financing	FY79	FY80	FY81	FY82	FY83	Total
	506	506	464	464	465	2,405
"Outside" Income (i.e., all revenues other than AID core support)	253	273	279	348	478	1,631
				TOTAL:		4,036

3. Basic Assumptions

a) Availability of budgetary resources from AID for sufficient period of time.

b) Continuing existence of WTI as an educational section of the Port Authority of New York and New Jersey and functioning under expert and active directorship.

c) WTI increasingly will be able to obtain project funding from sources other than AID, preferably from the LDCs themselves by demonstrating the profitability to them of WTI's assistance. WTI will also be able to earn progressively larger portions of core costs by charging for back-stopping and administrative expenses related to its activities, and possibly receiving contributions toward core expenses from sources other than AID.

ANNEX B

PROJECTED STAFFING REQUIREMENTS

During the initial grant, the World Trade Institute developed a staff strategy which developed a nucleus of permanent staff, combined with the utilization of short term qualified technical consultants. This structure gave the Institute the flexibility to satisfy the varying export development needs of the developing countries while keeping "core" staff expenses at a minimum.

At the present time, the Institute is projecting an increase in activities in both the training and technical assistance areas. In order to implement these increased activities, the Institute is planning to increase the operational staff by creating two entry level positions, one in training ("A") and one in technical assistance ("B"), increasing the administrative capabilities by hiring one additional secretary and upgrading one staff member to the position of administrator.

The following table describes the proposed staffing structure. The basis of the structure is function, where selected permanent staff members are given the responsibility for successful completion of programs, but all staff members contribute their expertise in satisfying the needs of individual trainees and/or the developing country(s).

STAFF BY FUNCTION

PROGRAMS	STAFF
1. TECHNICAL ASSISTANCE	
Trade Laboratory	Robert Keller Warren Berke Technical Consultants(Short-Term) Part-Time Research Assistants
Market Opportunity Services	Robert Keller Warren Berke Technical Consultants(Short-Term) Part-Time Research Assistants
Free Zones	Robert Keller Warren Berke Entry Level Staff Member "A"
Client Request	Robert Keller Warren Berke Part-Time Research Assistants

II. TRAINING

New York Six Week Program	Jennifer Buton Nancy Durett Entry Level Staff Member "B" Part-Time Research Assistants Technical Consultants(Short-Term)
Special Training	Robert Keller Warren Berke Technical Consultants(Short-Term)
Administration	Nancy Durett Peggy Schwartz - Secretary Entry Level Secretary

(Annex A)

Logical Framework (Narrative)

WTI Project

A. The Project Goal

1. Statement of Goal

Increased participation of a growing number of LDCs in international trade, and incorporation of an increasing number of persons in the production process.

2. Measurement of Goal Achievement

Regarding countries with which WTI has established an assistance relationship:

(a) Increased net foreign exchange income and improved balance of trade position directly attributable to an expansion of exports of non-traditional products.

(b) Increase in the number of exporters and exportation of products formerly not sold abroad.

(c) Increased number of gainfully employed persons in export-related activities, particularly in the skilled and semi-skilled category, with corresponding increase in their earning power.

3. Assumption of Goal Achievement

(a) The world trade pattern will not be upset by unforeseen major political or economic upheaval.

(b) The "terms of trade" will not move permanently against the LDCs.

B. The Project Purpose

1. Statement of Purpose

To create an effective U.S. institution which is equipped to provide assistance to LDCs in the field of export development and which is accepted and used by the LDCs for this purpose.

2. Conditions Expected at the End of the Project

An institution with a competent core staff has been established to serve the needs of the LDCs in the specialized field of development and diversification of exports. Due to its proven assistance capability the

institution has become a financially viable, self-supporting enterprise not depending any longer on grant support from A.I.D.

3. Basic Assumptions

(a) Export development (promotion and diversification) is recognized by LDCs as an important element in economic development.

(b) LDCs need and request assistance in the field of export development from a U.S. institution like WTI.

C. Project Outputs

1. Statement of Project Outputs

(a) Offering of general and specialized training courses and seminars.

(b) Carrying out practical "trade laboratory" projects.

(c) Conducting export development-related research.

(d) Organizing a specialized library on international trade development topics.

(e) Providing LDC agencies and A.I.D. Missions with consultants and specialists' services as required.

2. Output Indicators

(a) Competent core staff of 4-6 specialists established.

(b) Regular series of training courses in New York and/or the LDCs scheduled and conducted.

(c) 2-4 "trade laboratories" conducted per annum.

(d) Continuing research program carried out.

(e) Firm working relationship with business organizations, educational institutions and international agencies in U.S. and abroad set up.

(f) Trade Development Library functioning and maintained.

(g) Roster of consultants and experts established.

3. Basic Assumptions

(a) LDCs need and request assistance of a U.S. institution in the field of export development.

(b) A sufficient number of qualified and specialized experts can be hired and maintained in long-term employment for the direction and execution of the projects.

D. Project Inputs

1. Statement of Project Inputs

(a) A.I.D. core cost financing for five years.

(b) A.I.D. funding of certain project costs in the initial period of operation.

(c) WTI direction in formulating and executing an integrated program of export development assistance to LDCs through projected core staff personnel as listed below:

		74	75	76	77
(1)	Director WTI (part-time)	x	x	x	x
(2)	Project Director	x	x	x	x
(3)	Trade Laboratory Director	x	x	x	x
(4)	Training Advisor	x	x	x	x
(5)	Research Director		x	x	
(6)	Trade Specialist (part-time)	x	x	x	
(7)	Secretaries (2)	x	x	x	x
(8)	Trade Laboratory Asst.			x	x
(9)	Research Assistant (part-time)			x	

(Positions 3, 4, 6 and 8 are expected to become progressively self-financed)

2. Budget ($000)

	FY 73	74	75	76	77	Total
Core Cost Financing	150	300	400	350	300	1,500
Demonstration Project Financing	---	---	400	---	---	400
						1,900

(Breakdown attached)

3. Basic Assumptions

(a) Availability of budgetary resources from A.I.D. for sufficient period of time.

(b) Continuing existence of WTI as an educational section of the Port Authority of New York and New Jersey and functioning under expert and active directorship.

(c) After the initial period of operations, however not later than in FY '76, WTI will be able to obtain project funding from sources other than A.I.D., preferably from the LDC's themselves by demonstrating the profitability to them of WTI's assistance. WTI will also be able to earn progressively larger portions of their core costs by charging for the back-stopping and administrative expenses related to their activities.

(ANNEX B)

WORLD TRADE INSTITUTE PROJECT

EVALUATION REPORT

Contents: Trip Reports by Evaluators on Field Assessments of AID/WTI Program Activities

1. Mexico and Honduras (Redding)
2. Honduras and Nicaragua (Lijewski)
3. Afghanistan and Sri Lanka (Redding)

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UNITED STATES GOVERNMENT

Memorandum

TO : PPC/PDPR/RD, Mr. Edward Lijewski ✓ **DATE:** July 28, 1978

FROM : IIA/EA/FA, A. David Redding DR

SUBJECT: Evaluation of World Trade Institute (WTI) Activities in Mexico and Honduras: A Trip Report with Preliminary Recommendations/Conclusions

Attached is a report covering my interviews in Mexico and our joint interviews in Honduras in connection with our evaluation of the World Trade Institute.

I have included some evaluation of or comments on the interviews in the text where this seemed warranted, and I have added (in Part IV) some preliminary conclusions and recommendations, inasmuch as I will not be at AID when you write the final evaluation and recommendations.

You will note that I have written a very positive report. I am frankly delighted that WTI has done such an excellent job, one far beyond my expectations.

Attachment:
Evaluation

cc: DAA/IIA, C. Michalopoulos
IIA/EA/IEA, K. Jay
PPC/PDPR, E. Hogan
PPC/PDPR, J. Eriksson
PPC/PDPR/RD, D. Caton

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Table of Contents

		Page
I.	Introduction	1
II.	Mexico: Training Seminars	2
	A. Mexico City	2
	Ms. Aguilar	2
	Mr. Gomez	2
	Mr. Cortes	3
	B. New York City	4
	Mr. Ponce de Leon	4
	Mr. Valdez	5
	Mr. Bernal	6
III.	Honduras	6
	A. Training Seminars	7
	Mr. Siercke	7
	Mr. Cirella	7
	Mr. Haddad	9
	Ms. Amparo	9
	B. Technical Assistance	10
	1. Export Development Projects	10
	Mr. Williams	11
	Mr. Garcia	11
	Mr. Medina	13
	Mr. Cantoni	15
	2. Marketing Information for the National Banking Corporation	16
	Mr. Alvarez	16
	3. Investment Promotion for the Free Zone	18
	Mr. Padilla	18
	Mr. Tarrab	20
IV.	Preliminary Conclusions and Recommendations	22

Evaluation of WTI Activities in Mexico and Honduras: A Trip Report with Preliminary Recommendations/Conclusions

I. Introduction

WTI services designed to help LDCs increase their exports have consisted principally of (1) training seminars, held mostly in New York City but also in the LDCs, and (2) technical assistance for specific purposes, provided mainly in LDCs.

In Mexico, WTI provided only training services: a one-week intensive seminar for 20 participants in Mexico City in July 1976 as well as their usual 6-week training seminars in New York City, attended by 6 persons between 1973-78.

In Honduras, the WTI provided both training (in New York City only, for 5 persons between 1971-75) and technical assistance to prospective exporters and government officials.

During the two days in Mexico (July 6-7), I spoke with 6 persons who had participated in the WTI training, three in New York City and three in Mexico City. Their backgrounds and work were extraordinarily varied; and in retrospect it is clear that the sample was too small and that insufficient time was allowed for interviewing.

During the 5½ days in Honduras (July 10-15), Ed Lijewski and I spoke with 11 persons, of whom 4 were primarily knowledgeable about WTI's training program, while 7 were most involved in WTI's technical assistance. Ed Lijewski spoke to three additional persons, primarily regarding training, following my departure.

II. Mexico: Training Seminars

A. Mexico City. I interviewed three of the 20 participants in the in-country seminar: Mr. Gomez and Ms. Aguilar, who were co-sponsors of the seminar, and also Mr. Cortes. Mr. Gomez is General Manager of a very large subsidiary of a still larger Mexican-owned multi-product corporation, and he was president of the consortium of companies which sponsored the seminar at the time it was held. Ms. Aguilar is Chief Administrator of the consortium, whose full name is Associacion Nacional de Consorcio y Companias de Comercio Exterior A.C. Mr. Cortes was formerly general manager of Promotora Mexicana de Comercio Exterior (PRO MEX) and now owns his own importing company outside of Mexico City.

Ms. Aguilar volunteered that the participants had all commented highly favorably about the seminar. They worked for companies which, by and large, were already in exporting; and since each company has to increase its exports by at least 15% annually in order to qualify for government export aid, they were receptive to any training which would enable them to accomplish this goal. They felt that the marketing and other information given would help them to increase their exports, and Ms. Aguilar thought that it had. She added that if her consortium could raise the required funds, it would invite the WTI to conduct another seminar, most probably emphasizing product and package design and, preferably, with more information on non-US markets, particularly Europe.

Mr. Gomez commented somewhat less glowingly but still quite favorably. He noted that the participants were "happy with the results" of the seminar and that it was a technically good one which emphasized both

marketing and negotiating techniques, including practical points which could be used by the participants. He stated that he intended to use the services of WTI in the future, but he noted he would ask them to conduct the seminar at a higher technical level and draw on more practical experience, inasmuch as the participants worked for companies already active in foreign trade.

Mr. Cortes responded with similar high marks for the seminar, saying that it facilitated understanding of foreign trade and that all the participants liked it and were interested in the material presented. He praised the principal instructor, Mr. Levin, as "tops," and he noted that the seminar facilitated understanding of foreign trade. He also noted the expensiveness of the seminar and added that there was some language barrier and that it would have been better if the instructors had been prepared to conduct the seminars in Spanish. However, he mentioned the language point mostly in passing and in response to my question re recommended changes in WTI services.

Mr. Cortes differed from Mr. Gomez (who seemed to prefer a higher technical level of training) in that he (Cortes) stressed that while the instruction was very practical and particularly good for those with a background in foreign trade, it would not be useful for those without this background; and that it was a fast-paced program that should be aimed (only) at high-level company officials. The difference in emphasis may be explainable by the different levels of experience and expertise of the participants. Those with more knowledge and experience in foreign trade may prefer a higher technical level of

instruction and discussion. Those with less experience, or those who felt that others were less knowledgeable, may prefer a less technical seminar.

B. New York City. Of the six Mexican participants in the WTI 6-week training program in New York City, I interviewed three: one participated in 1973, another in 1975, and a third in 1977. I mention th e years, because the interviews reinforce the impression I had gained from WTI staff, that there has been a gradual improvement in the training provided, including particularly a greater tailoring of the course to the individual and varied needs of the participants. However, the differing reactions also reflect again the differing positions and backgrounds of the participants.

Mr. Ponce de Leon, the earliest participant, was generally not enthusiastic about the training, although he felt it was probably all right for the average businessman in Mexico, despite their fairly high level of knowledge and sophistication in foreign trade, or even those with above average knowledge in most less developed countries. The real Problem with drawing conclusions from his interview is that, as the Director of the International Trade Institute for the Government of Mexico, he simply knew too much to profit from a training program such as this. The fault was probably more in his selection and expectations, since the most he could have hoped to gain from the course was to learn from WTI training in this field how to improve the training at his own institute. (At the time of his selection, he apparently was a "course supervisor," not the director of the program, but he was

obviously more sophisticated and knowledgeable in this area than even the average Mexican participant.) He also felt WTI services were too expensive for the institute to afford at this time. If one accepts WTI contentions about their increasing ability to tailor their program to individual needs, he might conclude that today they could better satisfy Mr. Ponce de Leon, by providing more contacts with importers as well as more training in the field of information gathering and retrieval; but this is of course conjecture.

Mr. Valdez , who was trained in 1975, praised the instruction as "excellent," even though (or perhaps because) he had had some training in Mexico prior to his New York experience. He noted that his participation enabled him to meet and deal with foreigners easily and that he has maintained many of the contacts established in 1975. He was working for a multinational corporation at the time of his training; but last year he established himself as an independent exporter-importer and he now employs eight persons and is at least covering his expenses. (His firm, of which he is Director General, is called Compania Commercializadora en General.) Mr. Valdez indicated that he would not have had the courage or knowledge to have established this company if not for the WTI training, especially since he had (and still has) very limited capital. At this point, his principal activity is to serve as a customs broker for other importers; but as he builds up his capital he intends to move more into exporting, mainly with electrical parts and small machinery in Latin America at the start, but with processed foods, handicrafts, etc., to Japan, the U.S. and Europe as quickly as

possible. He summed up his experience and reactions by noting that the program was great and that he would not change anything in it.

Mr. Bernal, who performs research, including market studies, for a State-owned bank called Banco Nacional de Commercio Exterior, praised the training (1977) as generally good, with coverage which was both good and complete. He added that the case studies in particular were very practical, that the training provided a good general background which was useful to him and which might be still more useful to those who had less background than he in this area. His only complaint was that the first two weeks of the course were spent on familiarizing participants with sources of information--which was less useful to him, since his work on market studies and related research had already familiarized him with this kind of information. He also commented that WTI services are expensive and beyond the reach of many who would profit from the course; and he appreciated the financial aid provided by WTI (from the AID grant). He added that even though his employer (a bank) could finance the total costs, such provisions as free or reduced tuition made participation in the course more attractive to them.

III. Honduras

In Tegucigalpa, Puerto Cortes and Comayagua, Ed Lijewski and I interviewed 11 persons: seven are government officials, two are former officials now in private business, another is the technical director of a mixed government/private corporation, and the final (as well as initial) interviewee is the USAID official most concerned with Honduran exports.

A. Training Seminars

Mr. Siercke, now at the Central Bank but in 1971-73 Director of the Ministry of Economy's Foreign Trade Department, sent four persons for WTI training: in 1971 Mr. Cirella and Mr. Lopez (who was interviewed by Lijewski after my departure), and in 1972 Mr. Haddad and Ms. Amparo. He noted that he knew WTI activities only indirectly, through the training of Lopez and Cirella and their subsequent "better work on behalf of Honduran exports, including efforts to improve the design and packaging of products." He explained that Lopez came back very enthused (the training was the first he had received) and that he (Lopez) then became very active in the export area. He started to visit plants, organized seminars for potential and actual exporters (which AID helped support) at which he stressed the need for high-quality, standardized output, etc., helped set up export associations, and in general stimulated Honduran interest in exporting to countries outside of Latin America. Mr. Siercke recommended, in response to our question, training seminars in Honduras in Spanish, so that more persons could be trained; also that the WTI focus in future training on the supply, demand, quality, and price of specific products and that it involve more private LDC entrepreneurs. Re the letter, he suggested the names of several organizations of private businessmen (which Ed Lijewski noted).

Mr. Cirella, formerly head of the Foreign Trade Department's Export Promotion Section and now Manager of Casa Mathews in Honduras, almost glowed when he spoke of the "exciting experience" of intensive training

at the WTI seminar in New York City. He particularly liked the combination of theory and practical experience, including the opportunity to become acquainted with large U.S. importers. He noted that the WTI was able to get top persons in the field as lecturers, despite the small fees paid them. Partly as a result of his training, the Foreign Trade Department held seminars in San Pedro Sula on foreign trade, which were attended by as many as 130 persons -- most Hondurans but including many from other Central American countries and some from other parts of Latin America. The first seminar was so successful that they held later ones also, sometimes as often as once a month, bringing in specialists from other Central American countries and CIPE as well as persons involved in exporting in Honduras. Mr. Cirella mentioned several current or potential exports from Honduras which received attention largely as a result of WTI training and subsequent foreign trade seminars. One was workmen's gloves which a later trainee from his section (Mr. Bernardez, interviewed by Lijewski after my departure) had promoted, with Mr. Cirella's backing, after he (Bernardez) returned from New York City. Mr. Cirella also stressed the importance of providing WTI training particularly for private exporters and secondly for persons who provide training in the export promotion field (e.g., at universities or foreign trade seminars) or for persons in government who really specialize in export promotion.

Mr. Haddad was enthusiastic about the WTI training (NYC, 1972) which he felt enabled him to gain quickly a broad background in the field of export promotion, to understand the work and jargon of the Foreign Trade Department which he had joined only six months earlier, and to gain familiarity with sources of information and acquire contacts with persons in the foreign trade field. He noted that the training was general and not too technical, which struck him as "just right", since the participants had such diverse backgrounds. However, he felt that others who were more knowledgeable in the field would not have profited greatly from the training and would have profited more from greater contacts with U.S. importers. (As noted earlier, the WTI told us that it now tailors its training more closely to the individual needs of students of diverse backgrounds.) Mr. Haddad concluded by suggesting, as did others, that WTI should try to involve more persons from the private business sector in Honduras, although he added that six weeks might be too long a period for most businessmen. (Surprisingly, he did not suggest more in-country seminars, though that would seem to be a good answer to the problem.)

Ms. Amparan, who attended the WTI seminar in New York City in 1972, worked at that time as an economist for the Ministry of Economy's Foreign Trade Department but is now with the Municipal Land Registry in Comayaguela. She found the course material very interesting but

not as good as a later three-month university course program which she attended in Switzerland, where the student participation and work requirements for students were greater. She used the training when she returned to Honduras and prepared product studies related to research and commercial policy in the Foreign Trade Department, apparently mostly for import substitution rather than export promotion, but she left the export field despite her preference for that work because the Land Registry job pays much better; thus her training was not as useful to Honduras as it might otherwise have been. In response to our question, Ms. Ampara agreed with others that it would be more valuable to Honduras if the private business sector had greater access to WTI training.

B. Technical Assistance. The overall impression received from the interviews is that WTI has performed outstandingly for Honduras in this area, with some results apparent in increased production, employment, and foreign exchange earnings, with a promise of much more substantial results if WTI is financed sufficiently by AID to continue its work, and with still more substantial results if USAID and the Government of Honduras give export development and promotion in Honduras a significantly higher priority.

1. Export Development Projects for the Ministry of Economy and the National Investment Corporation, involving principally analysis of export potential (including both production capabilities and market

surveys) for eight vegetables/fruits, two processed food products, and clothing; production guidance for three processed food products and a marketing plan for one of them (canned tomato paste); and in-country marketing seminars.

Aaron Williams, the USAID employee most involved with production for export, characterized the quality of WTI market information as excellent for all products. He also noted that WTI services in general have been highly relevant to the needs of Honduras, since the director of the program for WTI (Bob Keller) is very well organized, flexible, and experienced, and he knows what works; moreover, he knows the relevant persons in both Honduras and the U.S., he knows the sources and how to compile useful information, and he designs programs specifically for the needs of clients rather than presenting pre-designed general purpose reports; he is always willing to go beyond the letter of the contract to make sure the job gets done; and finally he goes beyond preparing reports, acting as a personal middleman--an area in which he functions very well.

Mr. Garcia, Vice President of the National Investment Corporation (CONADI), similarly praised the services of WTI and Bob Keller in particular, noting that he did a very good job on processed food products originally intended for export to the U.S. but now going

almost exclusively to Central America because of the falloff in production in neighboring countries. He also noted that Keller is very efficient, eager to provide good services as quickly as possible and to get things done. He sets a very fast pace and is always willing to go beyond the services contracted for where this will help to get the job done right (which he is able to do because of the AID grant); in fact, he noted that the services are so very good and that Keller in particular was so dependable that he could not think of any suggestions for improvements in WTI services.

He mentioned that the Foreign Trade Department of the Ministry of Economy had awarded the second stage of the food processing contract for a factory owned in part by CONADI to another U.S. firm instead of WTI, apparently partly because of personality conflicts and communications difficulties, and he was upset at this, because he felt that the other firm would not be able to do as good a job as WTI. He tried unsuccessfully to persuade the GOH official to change his mind, and he seemed pleased to inform us that the GOH official was later eased into training abroad, so that he is no longer involved in this area. He added that everyone else regretted the GOH decision against WTI in this instance (this interpretation was echoed by everyone else who mentioned it, although we asked no questions about either the contract of the GOH official involved).

Mr. Garcia stressed that his investment corporation is likely to use the services of WTI again, that they would do so whenever and wherever possible, and that they would be willing to pay for the services if they have the funds (though, apparently, funding the full cost would always be a major problem).

Mr. Medina, the current Director of the Ministry of Economy's Foreign Trade Department, described WTI's work for the Honduran food processing and clothing industry as being of "high quality." He noted that their recommendations regarding improved quality of production at the Mejores Alimentos plant were accepted and that the product quality was improved accordingly; similarly, that their recommended changes in design, in ways of cutting, and in production lines for the small-scale clothing industry were accepted and put into practice by "most" of the numerous individual workshops. The Foreign Trade Department and the WTI wanted to continue the above work and also to help clothing manufacturers form an organization so they could better compete internationally. Unfortunately, he said, the GOH decided to emphasize rural development and so did not follow up on the WTI recommendations. Moreover, the USAID Mission would not provide funds for small-scale manufacturing such as the above, on the grounds that it would not correspond with AID's "New Directions."

In referring to his predecessor, who was largely responsible for the switch of contract from WTI to another U.S. firm, Mr. Medina explained that decision as stemming in part from his predecessor's inability to speak English and WTI's lack of Spanish-speaking staff. He noted, in that connection, that it would be useful if WTI had this capability but it was "not too important." He also implied his disagreement with the contract switch by noting that it would "waste time," since the food processing plant (which would have been a principal recipient of WTI services in the second stage contract) had "confidence in the work of WTI" and that the new U.S. firm did not have the "same good working relationships" with the plant. The "second stage contract" also came up in another way: Mr. Medina noted that the price and production information provided by WTI in some of their other studies was useful and not otherwise available but also that it was not sufficient to enable Honduran exports to enter the U.S. market, since for that purpose they needed still additional price information, more interpretive analysis, and also more information on which U.S. importers to contact. This remark was presumably not intended as criticism of WTI, since Medina added that the WTI studies were designed to be general and were to be followed up by more specifics which WTI did not have a chance to provide because the second stage contract was not awarded to them.

Mr. Medina indicated that his Department would use WTI services again if they had the funds--which is apparently a major problem, esepcially since they can get some free services from the UNDP and ITC and since the USAID Mission refused them funding in one export area (clothing) on the grounds that it was not consistent with AID's "New Directions." He stated again that the WTI provided very good services, that they established good working relationships with Hondurans, that they were flexible and willing to go well beyond what could be expected (e.g., with extra information and free advisory trips), and that he knew that these "extra services" and the contract prices which WTI could offer them (which he felt were still expensive) were possible only because of the AID grant to WTI. In response to our question regarding improvements in WTI services, he said he had no recommendations to make.

Mr. Cantoni, Technical Director for Production for Mejores Alimentos de Honduras (the large food-processing plant owned jointly by CONADI and a private Honduran family), substituted for the plant manager who was on vacation. He spoke only Spanish, so Mr. Lijewski translated his remarks, at least in part.

Mr. Cantoni started by noting that WTI had provided the plant with advice and had made a market test shipment of tomato paste to New York City. However, prices in Central America rose substantially

shortly thereafter, as a result of below-average yields in neighboring countries; and since his plant could not get enough fresh food to process for export to both Central America and New York City, they decided to concentrate on their traditional market. As soon as possible, however, they hope to increase production sufficiently to export to both Central America and the U.S.; and they also plan to expand their production into other fruit and vegetable products.

Mr. Cantoni noted that WTI had provided information to the plant informally, beyond the work contracted for, and his plant might use WTI services in the future. He was unable to compare WTI's work with that of the new U.S. firm (see preceding interviews), since he has not seen any of the latter's work.

2. Marketing Information for the National Banana Corporation

Mr. Alvarez, Executive Vice President of the Corporation, had used WTI services for about 3 months some years ago when he was Director of the Ministry of Economy's Foreign Trade Department (immediately preceding Mr. Medina's predecessor). Occasionally, therefore, his comments may have referred to (or at least been influenced by) WTI services for the Foreign Trade Department as well as the Banana Corporation.

Mr. Alvarez described the information provided by WTI as "highly relevant," and he thinks that they are the best source of information for the Banana Corporation and the best institution generally for them. In view of their good connections in both U.S. and Europe, they are able to provide international prices that, he said, he could not get elsewhere. He indicated that Bob Keller originally pressed strongly his own points of view about the kinds of information needed but that they were able to work out a good relationship. He volunteered, in that connection, that his corporation had had so little experience that they did not always know what kinds of information to ask for or what they needed; moreover, that some differences arose at the start because the WTI knew more about the U.S., and the corporation knew more about Honduras.

WTI completed its most recent contract work for the Banana Corporation in 1976 but has continued to furnish them some information on a gratis basis. Mr. Alvarez hopes to use WTI services again shortly. But because he finds their prices too expensive for them alone, he hopes to persuade other banana exporting countries (e.g., Panama and perhaps Costa Rica) to join with him in arranging a joint contract with WTI. He prefers WTI services to those provided by CIPE and other institutions.

3. Investment Promotion for the Puerto Cortes Free Zone

Mr. Padilla, Superintendent of the National Port Authority's Free Zone, could not seem to say enough superlative things about the work of WTI (Bob Keller in particular) in helping attract foreign investors to Hondura's Free Zone. He is convinced that he chose the best possible organization for the work and that their charges are the lowest possible. "Even if we could have done the work ourselves," he said, "the cost would have been five times higher;" moreover, an informal proposal from another institution was both too academic and much more costly. "The WTI made the right contacts for us--some 400 to date. Their work is fantastic."

When Mr. Padilla went to the U.S. to talk to potential investors, Bob Keller had arranged contacts with the particular persons who could actually make investment decisions, so that "we were able to see some 20 firms in just 20 days. And we saw the right people without wasting time!" Moreover, Keller often acted as an unofficial representative in persuading U.S. firms of the advantage of locating in Honduras. "Keller is great," Padilla continued. "He does many other things than he has promised or contracted to do whenever requested; and he does them quickly. We are getting very high quality work and much more than could have been expected. They are willing to do everything we ask."

Padilla noted that the Free Zone planned to use WTI services for the next several years (presumably until the need for attracting foreign investment is largely over. "I can't think of any way they could improve their services," he concluded.

In the course of an hour-long conversation, Mr. Padilla told us something of the Free Zone which may be of general interest as well as of some relevance to evaluating WTI's work, particularly with respect to its contribution to basic human needs in Honduras. The Free Zone had been established in 1967 but apparently only in 1975 did they accelerate the drive to bring in foreign investment. They decided to reserve 75% of the Free Zone for manufacturing, all of whose output will be exported, and 25% for commercial enterprises. The first firm (Warner's) has started production recently, employs about 100 persons now, and plans to reach full employment of about 275 in the next few months (we visited the plant later in the morning and spoke to the manager). Contracts have been signed, and buildings are under construction for two additional firms (one from the U.S. and one from Korea); and Mr. Padilla felt confident that a fourth and fifth firm would sign contracts with the Free Zone within the next few months.

Free Zone plans call for 40 manufacturing companies, as diversified as possible, with an average of 250 jobs per factory, and a total of 10,000 persons employed in about 10 years' time. Most of the persons

now employed (and this is expected to continue) are women who were given free training by the Free Zone, who are holding their first job, and who are in over half the cases the principal or only income earner in the family. Their average annual earnings are about $800 per year, so that even at current wages, some $8 million in additional income (in the form of foreign exchange) would be created from the manufacturing firms in the Free Zone, if plans materialize. And this estimate would be raised to well over $25 million if account is taken of auxiliary jobs created outside the Free Zone, including those from subcontracting and other purchase of local materials. The net impact on income and foreign exchange earnings would thus be very substantial from this source alone plus additional benefits from the commercial sector of the Free Zone (on which no details were provided).

Mr. Tarrab, the Manager for Warner's Honduras plant and formerly Assistant Superintendent of the Free Zone, joined Ed Lijewski and me while Mr. Padilla was conducting us on a tour of the plant. I mention this since we had not anticipated interviewing him at that point and therefore were not in a position to take notes except for the few I could jot down in my appointment book. Thus, some of the following material is from notes recorded after the meeting.

Mr. Tarrab indicated that both the Free Zone and Warners were very pleased with WTI services. Keller not only provided more information

and advice than was required by the contract, but he maintained his interest after the contract was fulfilled. Moreover, he acted as a salesman for the Free Zone in persuading U.S. firms to establish subsidiaries there. As a result, a sister firm of Warners (Hathaway) is expected to set up a plant in the Free Zone this fall (as the fourth firm to establish itself there). Warners plans to subcontract with Honduran firms outside the Free Zone to cut cloth for their products (perhaps from local textiles?), thus expanding employment and output elsewhere in Honduras.

Mr. Tarrab also mentioned the training program provided by the Free Zone, as a free service to U.S. companies, which has enabled his firm to produce in a week what the parent U.S. firm had expected in a month. He had no plan to use WTI services, inasmuch as the parent company knows the U.S. Market. And he had no recommendations to make regarding possible improvements in WTI services, since they were very pleased with everything WTI did for them.

At that point Mr. Padilla interjected that perhaps WTI should work directly with the National Investment Corporation (CONADI), with the latter providing a full-time counterpart. This remark seemed to be connected in his mind with WTI's loss of the contract with the Ministry of Economy's Foreign Trade Department, which had been opposed by CONADI,

since he added that the problem between the Foreign Trade Department and WTI was attributable to the Director being a "(word deleted) who stopped progress when he was Director of the Foreign Trade Department."

IV. Preliminary Conclusions and Recommendations

Several conclusions for AID practically stand up and shout--more so than for any other evaluation in which I have participated: namely, the WTI has done a superlative job with its technical assistance and a satisfactory one with its training program, and that therefore AID should maintain or expand its grant to the World Trade Institute. Moreover, AID should not expect the WTI to become self-supporting in the foreseeable future, if it is to continue doing a job which developing countries can afford--unless the Agency dramatically changes its policy and encourages Missions to fund WTI services more fully--since LDCs can either not afford to pay the full cost of WTI services or are unable to justify doing so when they can obtain some of these services from the ITC and elsewhere at little or no cost. (That AID should carefully consider raising its priority for helping promote LDC exports is illustrated by the at least temporarily lost opportunity to increase Honduran exports of clothing.)

Several preliminary conclusions and recommendations also emerge for the WTI, namely:

(1) Working with USAID Missions, it should make greater efforts to involve in its training more persons who will use the training after

they return to the LDC, particularly in actual exporting but also in establishing government policies that encourage exporting and in teaching potential exporters. (Problems such as this are of course familiar to USAID Missions.) More in-country training programs may be a partial answer.

(2) The WTI should, especially in major language areas such as Latin America, try to add staff who speak the language, especially for in-country training purposes. This may be less important as a major barrier to training than it seems at first glance, since so many persons in the foreign trade field have reasonable competence in English. But despite its characterization by one person as "frosting on the cake," it would certainly seem worth doing, if feasible.

(3) The WTI should carefully consider whether it has expertise in depth to fill the gap which would be created if Bob Keller should leave his position as director of the program. I note this because, although other persons were mentioned by clients, including in particular the WTI staff man (Jim Levin) who directed the training in Mexico City as well as in New York, in general the laudatory comments were directed principally at Mr. Keller. (The problem may be particularly difficult to remedy, because the WTI is a small organization.)

7/21/78

MEMORANDUM

TO : Project Files, World Trade Institute Grant

FROM : PPC/PDPR/RD, Edward Lijewski

SUBJECT: Trip Report, July 10-19, Honduras - Nicaragua; To Evaluate World Trade Institute (WTI) Project

The purpose of the travel was to assess the results of assistance provided by the WTI to LDCs in export development and trade promotion under the AID-WTI grant agreement.

Travel was to: Honduras, for 7 days, and Nicaragua, for 1 day. In each country, interviews were conducted with individuals who had knowledge of, worked with, or received training from, WTI programs. A list of individuals having had such involvement or contacts was provided by WTI officials prior to the travel. Individuals contacted during the travel were principally those on the WTI list, who were suggested as additional sources of information by individuals on the list.

Interviews in Honduras were conducted jointly, in most cases, with A. David Redding, IIA/EA/FM, also a member of the WTI Project Evaluation Team.

Interviews conducted in Nicaragua were performed solely by Edward Lijewski.

The basis for each interview were the questions contained in Annex A, "Questions for WTI Evaluation." Additional questions were asked, as appropriate in each interview, to obtain as complete a picture as possible of the individual contact with the WTI. Interviews were open-ended.

A summary report on each interview follows.

1. Honduras

Mr. Norman Garcia

Director for Investment Promotion

CONADI (Honduran National Investment Development Corporation)

Tegucigalpa, Honduras

Mr. Garcia stated that CONADI became aware of and involved indirectly with WTI activities through its participation in the Department of Foreign Trade (DGCE) project proposal with the USAID/Honduras to increase and expand the fresh and processed vegetable production of the vegetable processing plant in the Comayagua Valley, Mejores Alimentos. Contacts, and a contract for marketing services on the potential to export several vegetables for the Mejores Alimentos operation had already been made by the DGCE (with USAID funding) when CONADI was asked to participate as major shareholder and investor of the plant. Thus, Garcia, as an official of CONADI, became informed of the role played by the WTI through those studies. The DGCE-WTI contract also called for a test marketing of processed tomatoes and pizza sauce in the U.S., an activity about which Garcia was fully informed.

Garcia stated that he found WTI officials to be very efficient, and eager to render services - to be of help. He particularly noted that Robert Keller of the WTI was very capable - he is someone who could "get things done." Garcia stated that he had made many requests of Keller for information and help outside of any contract relationship, the answers for which were always quickly provided and of excellent quality (info requested concerned marketing of melons and sesame seed).

In Garcia's estimation, the services provided by the WTI to Mejores Alimentos on vegetable marketing were of good quality.

Garcia noted that, in his opinion, the WTI should still be working with the Mejores Alimentos operation, instead of the firm chosen by the DGCE to conduct the second phase technical assistance. In his view, the WTI amply demonstrated ability to provide all needed assistance for the export of vegetables by the Honduran company.

Note: Apparently because of very personal reasons, the former head of the DGCE decided to have "open bid" competition for the second phase of the assistance to Mejores Alimentos (the current phase), even though the WTI's performance was not found wanting in any respect by any one knowledgeable about WTI activities. Possibly one factor for this action, according to some individuals interviewed, was that of communication - the former DGCE Director did not speak English well, and the principal WTI officials did not speak Spanish well. In any event, while the WTI's proposal for the second phase was found technically well qualified the proposal of a new firm (PADEC, of California), was selected.

As shown below in several of the interview reports, all other Honduran officials aware of the former DGCE Director's action on this matter thought that the WTI should have been allowed to continue the implementation of the Mejores Alimentos project assistance.

End of Note.

Garcia said that he still talks to the WTI when he has need of information/advice.

Garcia also said that the WTI is considered to have done an excellent job in helping the investment promotion program of the Puerto Cortez Free Trade Zone.

Garcia said that, without reservation, he would recommend use of the WTI when need existed for the kind of services it can provide.

Garcia also said that he (CONADI) would be willing to pay for such services.

When asked whether he (CONADI) knew of other sources of such assistance, Garcia said he thought institutions with WTI's particular emphasis and areas of expertise (U.S. market information, especially) do not exist. He was aware of assistance made available by UNIDO and other UN organizations, and had made use of it, but only for very specific needs.

When asked if the kinds of marketing and technical assistance WTI provides can result in poor people being helped, Garcia responded that such results have not yet occurred as expected, principally because of problems, outside of the purview of the WTI, of coordinating the activities and small-farmer support functions of several Honduran Government agencies.

Garcia said that, while the Mejores Alimentos plant is now running at capacity with production raw materials (vegetables, fruits) coming largely from company lands, the firm is planning to increase its capacity and enter into arrangements with small farmers in Comayagua for purchase of tomatoes, asparagus, etc. He noted that an advisor (Frank Garcia) on tomato cultivation had already been hired by the firm to work with small farmers.

When asked if there were other firms or programs the WTI might work with in Honduras, Garcia responded affirmatively, but this would depend upon more agressive and active promotion by the WTI of its services.

2. <u>Honduras</u>

Mr. Rudolfo Alvarez Baca
Executive Vice President
COHBANA (Honduras Banana Corporation)
Tegucigalpa, Honduras

Alvarez noted contact with WTI came about as result of need for information on U.S. market for bananas. USAID/Honduras suggested that Robert Keller be consulted. Additionally, Alvarez, formerly head of the DGCE (see above) was aware of what the WTI had done for the DGCE in recent periods.

COHBANA, under Alvarez, entered into a one year contract with the WTI for banana marketing information.

Alvarez observed that the WTI agreed to provide the needed advice at a lower price than even the banana exporting group, Union de Paises Exportadores de Banano) could provide.

Alvarez noted that COHBANA may even ask for additional WTI assistance.

When asked whether the WTI advice/assistance has proven relevant and useful, Alvarez replied that, not only in the case of COHBANA but in the DGCE programs/cooperation with the WTI, there either had not been enough time to fully assess this question or there was inadequate follow-through on the part of Honduran organizations. This should not reflect on the quality of the WTI's efforts. For example, the WTI did a study of the textile industry in Honduras for the DGCE which was somewhat equivalent to a pre-feasibility study. Although the WTI found possibilities to work with, the DGCE never followed up on the initial findings to elaborate a complete project.

Concerning the WTI assistance to COHBANA, Alvarez stated the objective is to obtain information on market prices to enable COHBANA to determine the size of incentives/bonuses that can be paid to local producers to stimulate them to increase output. Alvarez noted that, while overall he is pleased with the WTI arrangement, he thought the WTI report should have

included market information on U.S. Gulf ports as well as other ports of entry, and that it didn't arrive quite as timely as he expected.

Alvarez stated that no other sources of such information were considered since the WTI is recognized as the best source for such information, particularly on the U.S. market.

Alvarez also noted that he was and is aware of other export development organizations (such as CIPE, PROMECA, ITC), and has used them and would continue to use them as needed in the future.

3. Mr. Ramon Medina

   Director, General Directorate for Foreign Trade

   (DGCE)

   Tegucigalpa

Medina stated that although the DGCE's past involvements with the WTI pre-dated his appointment as DGCE Director, the information he has received on the WTI activities indicates the assistance was of good quality. He observed that the main problem affecting the potential results of WTI assistance has been the lack of follow-up by Hondurans, n either public or private sector positions. He cited as an example of this the DGCE decision to focus on agro-industry rather than textiles, both of which were studied by the WTI and both of which showed promise.

Medina observed that technical consultants provided by the WTI were found highly qualified and gave valuable advice. He particularly cited the agro-industry expert (Dan Casper) who worked with Mejores Alimentos and the Textile industry consultant.

As an example of inadequate follow-up,Medina stated that in the second DGCE contract with WTI, the WTI was asked to put together a local Honduran

association to represent the scattered and unorganized textile manufacturers. However, the DGCE did not adequately detail whatwas wanted in the contract. Thus, when it approached the WTI to do more on this point, the WTI agreed but a larger contract was necessary. Unfortunately, the WTI had no funds and relied on the USAID. It was at this time that the USAID, and the Honduran Government, decided to place priority on rural area projects.

Medina observed that great potential for increasing Honduran exports and creating jobs exists in the textile area. However, the DGCE was established largely with and because of USAID assistance, and the USAID's focus on the rural areas meant that the DGCE would have to have programs in that area if it was to work with the USAID.

Medina stated that because of the USAID change in focus, the DGCE was obliged to check out other sources of assistance for non-agricultural/ rural projects, and now has a project proposal being considered by the ITC.

On the quality of the WTI services, Medina noted that what was provided was principally of a"market guide" nature, and that decisions on what to do or not to do would be made, in most cases, at a second or later stage. Unfortunately, in most cases this "follow-up" was not accomplished by the Honduran institution for various reasons not related to the WTI.

Medina also states that if the DGCE needs other assistance such as the WTI can provide, he (it) would consider the WTI as a source even if it is necessary to pay the costs of such assistance.

Medina observed that, when compared with PADEC (see above), the cost/proposal of WTI assistance was high, even though the WTI is recognized as a quality organization.

Medina also observed that much valuable help and advice has been provided by the WTI outside of any existing contract, and that the ability of the WTI to provide such help is based on the "core" funding provided by the central A.I.D. grant to the WTI.

Medina found the quality of the WTI documents very good

As a final comment, Medina felt that the DGCE decision to use PADEC over WTI was unfortunate and inefficient in that much time was lost in getting the new contractor familiar with the project for no real gain.

4. Gerardo Haddad Q.

   Department for Export Promotion

   DGCE

   Tegucigalpa

Haddad was a participant in one of the early WTI training programs in its New York office on Export Development and Trade Promotion. (Nov-Dec., 1972, 8 weeks).

Haddad said that two courses were offered by the WTI at that time, one in Export and Trade Development, and the other in Export and Trade Promotion. He participated in the latter.

Haddad stated that he was hired by the DGCE with no prior experience or training in export promotion and that the WTI course provided him with the necessary general framework of understanding of export promotion to enable him to do his job. He noted that he is now responsible for working with trade fairs, trade missions and trade expositions, something about which he had no knowledge of prior to his participation in the WTI course. He said that the WTI course did not provide him with everything he needed to

know, but it did help him establish a "structure" of understanding on which he has subsequently built through working in that area.

Haddad observed that he found the WTI course neither too simple or complex, but rather just right for his needs. He is aware of the changes in the design and curriculum of the course since his participation, that it was more general in initial offerings and is more specific now, but found the early course suited to his needs.

Haddad recommends that others in the DGCE participate in the course.

Haddad believes the private sector could use and benefit from WTI course training. However, the offerings must be specific in orientation/focus, and tailored to the needs of such participants. Also, such contacts must be actively promoted by the WTI. Newspaper ads, direct mail approach, should be used. The course(s) should be shorter - more intensive - for such participants, who cannot afford to spend 6-8 weeks away from their jobs.

5. Rolando Cerella

   Formerly Head of the Export Promotion Dept. (DGCE)

   now, with CASA Mathews

   (Caterpillar Equipment Sales)

   Tegucigalpa

Cerella said he was a participant in the first WTI new York Training course.

Cerella found his experiences as a participant in the WTI course very interesting and that they gave him a real feel and sense for what exporting is all about. When he began working for the DGCE, he found much confusion in knowing what to do, and where to start, with his job in export promotion.

He felt that all DGCE people, and others as well who are involved in exporting, should go to the WTI course.

Cerella believes that more people from the private sector should be in the WTI course because they can make more use of the knowledge gained, and they can take follow-up actions required.

Cerella thought that USAID Missions should influence/encourage LDC governments to choose participants for the WTI course from the private sector or from governmental offices/organizations, who can and will be able to focus on specific export projects or training needs.

Cerella himself learned of the WTI course as a result of the USAID sending a notice to the Ministry of Economy soliciting nominations. Cerella noted that the GOH replied affirmatively to be responsive to the USAID request.

Concerning practical applications of his training, Cerella stated that he worked intensively on a work glove export project prior to leaving the DGCE, as well as a papaya export project. Such initiatives were undertaken because he felt it necessary to have 2 or 3 successful export promotion activities to influence others to export also. Cerella himself was not able to follow up on either initiative since he left the DGCE.

Cerella also stated that he organized seminars for the DGCE in Honduras on exporting. These seminars were highly successful in his estimation based on the local participation (136 people attended the first seminar) and the quality of seminar leaders (many well-known U.S. lecturers were brought in), as well as that several such seminars were held. Cerella said that he found the WTI course in which he participated a useful model which served as the basis for his design of the local seminars.

Cerella also observed that he considered the USAID's bi-lateral program advisor for export promotion at that time (Herbert Fuchs) as someone who gave great stimulus to the DGCE activities. Fuchs was very active, according to Cerella, and was very strong in the area of marketing. Cerella said that the DGCE at that time always had "something going" in export promotion, and was frequently in the news.

6. Carlos Siercke

Formerly Head of the DGCE (1971-73)

Now Director of Foreign Trade

Central Bank of Honduras

Tegucigalpa

Siercke said he learned of the WTI course from Herbert Fuchs. He sent two people to the training course, Rolando Cerella and Ernesto Lopez. The WTI course was the first training or experience for either in export development or export promotion.

Siercke said that an outgrowth of this was the decision to address the lack of a Honduran export consciousness by initiating local seminars on exporting for Honduran manufacturers. (See above). USAID assistance for these seminars was received. (While Siercke believed response was good, no data was available during his period at DGCE on exports generated.)

Siercke believes the WTI course greatly helped the DGCE to perform its export development and promotion activities. Siercke also considered WTI assistance of value in helping to study/promote individual Honduran products.

Siercke noted that in-country WTI training programs, in Spanish, would be desirable for training governmental and private sector officials/ executives.

Siercke believes that for the New York course, the local government should pay at least the costs of air-faires, since the training provided is valuable.

As to other sources of export development assistance, Siercke was aware of and in contact with CECOM (Inter-American Marketing Center (Brazil), CIPE (Inter-American Export Promotion Center), and the ITC in Geneva. Assistance requested by the DGCE from each of these was more specific and of shorter duration than the WTI course.

Sierke believes that the WTI course focus should be project or product specific, as the current WTI course is arranged, with participants selecting a project for study, working on it in-country prior to going to New York and then completing the study there.

Siercke felt that the WTI could promote its courses(3) more intensively. Announcements should be sent to more governmental offices (Ministries, etc.) as well as private sector associations and groups in Honduras, (e.g., ANDI, the Industrial Association, ANPI, the Small Industries Association).

7. Amparo Ferrera
   Formerly in DGCE
   Now with the District Government
   of Comayaguela

Ferrera was a participant in an early WTI course. She worked on Research and Commercial Policy development while with the DGCE. She found the WTI

training very valuable. She worked for the DGCE for two years following the WTI training.

Ferrera was also given training by the DGCE in a 3-month UN course in Switzerland (ITC?) on export development and marketing. Of the two courses, she thought this was the better, although in general she finds short courses very valuable since in longer courses, one can loose touch with what is going on in the area of interest.

Ferrera believes the WTI course should be promoted more, and not solely to the public sector but also to the private sector.

Ferrera also endorsed the change in WTI course design from general to more specific studies on projects of concern to the participant as necessary and desirable.

8. Claudio Cantoni
   Technical Director
   Mejores Alimentos
   Comayagua

(Note: A visit was made to Mejores Alimentos plant 50 miles from Tegucigalpa to consult with the general manager, Orlando Lara, concerning WTI assistance received. Unfortunately, Lara was not there at the time of the visit.)

Cantoni explained that he did not know of the history and all the contacts between Mejores Alimentos and the WTI. He did have knowledge of, however, the technical and marketing assistance provided by WTI to the firm. He particularly remembered the technical consultant supplied by the WTI, Dan Casper, as someone who provided valuable advice. He also believed that the

marketing guidance and advice on vegetables and fruits provided by the WTI was good and without problems.

As an indication of the value placed on Dan Casper's advice, Cantoni noted that he directly communicated with Casper in recent periods to get additional technical advice on vegetable processing.

9. Guillermo Padilla
   Director
   Free Zone of Puerto Cortez
   Puerto Cortez

Padilla stated that by contracting with the WTI, the Free Zone of Puerto Cortez has chosen the "best people to promote investment." According to Padilla, if they had chosen another approach, other contractors, or done the job themselves, the result would have been more expensive and less effective. Padilla estimated the cost would have been at least four to five times as much.

The WTI-Free Zone contract was for investment promotion - to encourage U.S. firms to locate in the Free Zone. Padilla stated that the WTI (Robert Keller) had made excellent use of everyone's time by contracting principally those firms and officers of those firms who had the power to make decisions on a proposed location of a facility in the Free Zone. According to Padilla, the WTI program for Puerto Cortez made excellent preparations for the investment promotion contacts, resulting in the maximum use of everyone's time and money. Padilla used words and phrases as "fantastic", "no waste of time or effort," "maximum productivity."

Padilla noted that he has asked the WTI (Robert Keller) for additional

advice and help outside of the contract the Free Zone has with the WTI. The WTI has always responded quickly and fully.

Concerning how he learned of the WTI, Padilla said that the WTI was referred to him by Mr. A. Coello, Chief of the National Port Authority, who had been told about the WTI by Rudolfo Alvarez Baca, of COHBANA (see above). Mr. Coello visited the WTI in New York with an outline of work to be done. The WTI responded affirmatively with a proposal.

When asked if he had considered obtaining the needed service from other sources, Radilla responded negatively. However, he stated that he later received proposals (probably statements of interest) from other firms, particularly a Puerto Rican consulting firm, which he considered to be very academic, more costly, and generally not of the caliber of the WTI proposal and effort. Also, the resident manager for the International Executive Service Corps (IESC) approached Padilla on the work for the Free Zone. Padilla noted that the quality of the IESC proposal was inferior to the WTI's.

(Note: As of July 15, 1978, through the investment promotion program of the WTI, contracts had been signed with three firms, two from the U.S. and one from Korea, for locating in the Free Zone. Additionally, negotiations with three other U.S. firms were in advanced stages. The only limiting factor appeared to be physical infrastructure in that facilities for only one firm have been completed at the present; facilities for two others are under construction. The two U.S. firms with contracts will employ around 600 individuals (new jobs). The Free Zone estimates that aroung 10,000 jobs will be created through the establishment of 40 companies in the Free Zone within 7-10 years. Using a United Nations index, or multiplier, for such Free Zone activity of 2 to, the Free Zone anticipates that the activity will generate a

total of around 26,000 jobs by the end of the investment plan. Average hourly labor rate paid to employees is $.32/hour (minimum wage is $.25). Benefits to the local economy also come from expenditures of the locating firms for supplies, utilities, etc.)

When asked if the Free Zone anticipates a need for the WTI services again, Padilla responded affirmatively. He noted that further assistance in investment promotion will be required probably through three additional years, when the attractions of the Free Zone will be sufficiently well known, and promotion of the area will become self-generating.

When also asked if the WTI assistance could be improved in any fashion, Paddila indicated he didn't think so.

In summary, Padilla again noted that the WTI had done anything asked of if for the Free Zone, regardless of whether it was covered under the contract with the Free Zone. He was completely satisfied with the WTI performance.

Padilla also noted that Robert Keller informed him that El Salvador had expressed some interest in an investment promotion program for that country; although such a program could compete with the activities of Honduras, Padilla said Keller stated the WTI would do nothing, would not enter into a proposal, which would conflict with the plans of the Free Zone with which the WTI is cooperating.

Padilla also noted that he had attended three WTI-sponsored seminars on Trade matters (note: these are seminars sponsored by the WTI outside of the AID/WTI grant).

10. Ernesto Lopez Lardizabal
    Formerly Economist
    DGCE
    Ministry of Economy (Now with Productos Minerales, private firm)
    Tegucigalpa

Lopez was a participant in the 1971 WTI program. That course was a 10 week offering, with one week spent in Washington orientation. Lopez' assignment with the DGCE was as "sub-chief" of the Export Promotion Unit, working for Rolando Cerella (see above).

Lopez stated that he was the second DGCE participant in the WTI course (Cerella was the first). He said that he found the course somewhat general in its orientation and that, for him, it was somewhat a replay of what his college studies had provided him (he studied at the University of Tennessee, in Business Administration). In spite of this overall view, he found certain elements of the course stimulating (he particularly noted an offering on economic theory by a Prof. Keehan of Columbia University, and also learned from the section on trade fairs and trade missions. However, he felt that the focus of the course should have been directed more to the problems of the specific countries represented by the participants than it apparently was.

Lopez also suggested that there were too many disparities between the educational and professional levels and abilities of the participants. These factors, when coupled with the various country origins and representations of the participants, and the factors noted earlier concerning the curriculum, produced a less coherent effect of the training than optimally desirable.

When informed about the design of the current WTI course, Lopez indicated that it represents an improvement along the lines of what he would suggest, and that all participants would be likely to find it more useful. Lopez noted that since he was in one of the earliest courses, he was fully aware that the course design was just being tested and would be modified based on experiences and feedback.

Concerning the utility of the course for him, Lopez noted that in the DGCE he worked (along with his chief, Cerella) on:

- the design and production of a Directory of Honduran Exporters and products;
- providing assistance to local firms intending to export;
- the setting up of seminars ("workshops") for Export Promotion (2 were held - one, with 50 larger firms, and the second with 120 small and medium sized firms represented).

The experience of participating in the WTI course provided ideas for the development of these efforts.

Lopez stated that even though the experience for him was not strongly favorable, he believes that a need exists throughout Central America for such training since knowledge of exporting and export markets is minimal in either government or private sector operations in most Central American countries ("most Ministries don't really know at all about what their areas of responsibility involve"). He particularly believes efforts should be made through export promotion programs in Honduras to improve knowledge and performance of quality control and marketing operations. He also particularly felt that training of government officials (as in the DGCE or Ministries of Economy, Commerce) was not enough; there exists an imperative need to assure that such officials can actually put the knowledge gained to work, and that they receive salaries attractive enough to keep them working in the Ministries, since the private sector offers greater potential to realize productive efforts and to earn higher salaries.

(Note: Lopez spoke very highly of Carlos Siercke (see above) who was head of the DGCE while Lopez and Gerella were there as someone who was

dynamic and agressive in the job of stimulating foreign trade, a characteristic that subsequent directors of the DGCE operation have not manifested to the same degree but which remains just as critical as ever to effective realization of DGCE goals.)

Concerning ways in which the WTI course might be improved, Lopez suggested that one way might be to bring in a former participant, who had time to test and apply what he learned (or didn't learn) from the WTI course, to compare the earlier course with the current design. He also suggested that there is a need for the course to contain very practical offerings such as how to fill out U.S. Customs invoices and Letters of Credit.

11. Efraim Diaz
    Formerly Vice Minister of Natural Resources
    Ministry of Natural Resources
    (Now with Gabinete Tecnico, private firm)
    Tegucigalpa

Diaz first learned of the WTI as a result of the USAID and Honduran Ministry of Economy's agreement to establish a program for the diversification of agricultural exports, especially non-traditional exports. At that time Diaz was Under Secretary for Agriculture within the Ministry of Natural Resources. Diaz became involved with WTI activities as a result of an agreement between the Ministry of Economy and the Ministry of Natural Resources to have the latter "follow-up" on the test marketing and trial shipments of products already completed by the WTI and Honduran agencies under an agreement between the WTI and the Ministry of Economy. Diaz was therefore required to become knowledgeable about the WTI assistance. He stated that he found the

quality of the WTI services to have been very good.

Lopez said that he also had numerous contacts with Robert Keller of the WTI on requests for contacts with U.S. firms who were interested and potential buyers for Honduran agricultural products. The assistance received was very satisfactory, although the Hondurans were unable to follow-through as yet because local infrastructure was inadequate (production has not yet reached levels needed for export; some problems of coordination between Ministries involved remain).

Diaz noted that he discussed with and obtained valuable advice from Robert Keller of the WTI on establishing an "export marketing institute" which would take charge of follow-through on the agricultural products selected and handle distribution and marketing arrangements. Diaz noted that such an institute is now in existence (the Instituto Hondureno de Mercadeo) but that it currently is concerned only with basic grains.

Diaz observed that he was aware of the WTI assistance provided to the Mejores Alimentos operation, specifically the technical advice provided through services of Dan Casper to the plant itself, and the market testing experiments with canned tomatoes and tomato paste. He thought the WTI performance was good.

He observed that from his standpoint (as an officer of the Ministry of Natural Resources) the WTI assistance was important and practical. It was his opinion that the WTI would have been in a position to produce greater results and benefits from this assistance (in terms of actual exports and other impacts) if the policies of the Honduran Ministries had been firmer and if the institutional infrastructure and coordination had been in place and more effective. These problems, he noted, are still being worked on.

He also noted that the WTI was fully aware of these problems, and had even offered its ideas on how some of them could be handled in suggestions it made to the Ministry of Natural Resources.

Diaz felt that a continuing need exists for WTI-type services to the Honduran program, especially the Ministry of Natural Resources, particularly if the momentum of the program he worked on is regained. He believes that the WTI is needed to provide expert, "turn key" type package assistance in follow-up efforts in the export plan to assist the Hondurans realize their goals in this area. He felt this to be so especially now that the marketing institute is set up.

Diaz also felt that the Ministry of Natural Resources could make use of the WTI training program for some of its personnel.

When asked if he knew of other sources of such assistance than the WTI, Diaz replied that under the U.N. programs some might exist but it was his belief that they would not have the necessary emphasis on practical, as opposed to theoretical, orientation. Also, while some private consulting firms might be interested and capable in this area, Diaz observed that particularly for the U.S. market, the WTI has a demonstrated capability, and has produced results, which place it above other possible sources.

Diaz also offered the comment that in his opinion the WTI should still be working with the Mejores Alimentos operation instead of the PADEC firm, since the decision made by the former head of the DGCE to ask for other proposals than the WTI's was capricious and the WTI was working as intended and without problems.

Diaz said that in his opinion the WTI staff, and particularly Robert Keller, gave more than just advice in their dealings with the Hondurans;

they gave sincere interest in the Honduran projects and whole-hearted support to those activities as evidenced by the WTI's unreserved response to additional requests for information and advice after or outside of signed contracts. He found these to be qualities which are rarely seen in such dealings.

When asked if he knew of any way in which the WTI program or services could be made better or more effective, he said the only observation he could make was that the advice received was good, without question, but sometimes the USAID and organizations like the WTI are ready to move faster than the local organizations. This results in some frustrations on both sides. The problem in times like that is to try to determine when things really are in place and ready to go.

12. Miguel Bernardez

    Economist (working with the Export Promotion unit)

    DGCE

    Tegucigalpa

Bernardez participated in the WTI training course in March-April 1975. He thinks the course was of a good design, and that it is practical and useful. The experience he received from it has been very beneficial, particularly in giving him a framework for working on marketing aspects of export promotion. Nonetheless, he felt that in the course curriculum, the theoretical and practical elements could have been treated more separately.

Bernardez studied the possibility of exporting industrial gloves as his "project" for the WTI course. (See Cerella, above.) Although his studies both during and after the course, and working with the Honduran producer showed

good prospects, the major factor impeding success was a lack of raw material and production capacity. (Honduras currently exports leather to Nicaragua, which uses it to make leather goods, shoes. The U.S. and other country potential buyers for the gloves wanted to place an order for 3 million pairs; the plant's capacity is 100,000 per year.)

Bernardez stated that the WTI course provided him with basic information and tools necessary to his subsequently working independently on export promotion projects in Honduras for the DGCE. He found the course very effective for him, noting that the WTI facilities (library, computer files, contacts with private firms, etc.), and staff support enabled him to learn how and where to find answers to the questions he had on export and trade projects. Bernardez said that he found the WTI course, its staff and its program well organized and smoothly functioning.

Concerning ways which might be found to improve the course, Bernardez said the idea should be studied of finding some way to maintain an information system or communication system between the WTI and course participants to keep them informed of new developments and events of interest to them in the export promotion area.

Bernardez thought that the DGCE should and would send others to the WTI course in the future, but that the main constraint to that would be the lack of English-speaking ability of current staff. Bernardez noted that in-country WTI programs, conducted largely in Spanish, would address this.

Bernardez also noted that other Honduran institutions could benefit from WTI training and technical assistance programs, mentioning specifically COHDEFOR, the Honduran forest and lumber company,which is very interested in foreign markets for its products.

When asked how the WTI course promotion activities could be improved, Bernardez stated that instead of relying on Government of Honduras or USAID channels, efforts should be made to promote the activity through associations like the Chamber of Commerce and the industrial associations (ANDI, ADPI). Advertisements in local newspapers should also be considered, much as INCAE, does for its M.B.A. program.

Bernardez thought the WTI course might be improved, in terms of its effectiveness for participants, by treating the questions of Customs regulations in more depth and detail. Questions of this nature, as well as matters such as the other regulations which exist in the U.S. such as the Consumer Product Regulations, are extremely important to know, or know about, in the judgment of Bernardez. He believes that paying more attention to these areas would be of value to participants like himself.

13. Luiz Oscar Delgadillo
    Sub-Director of Operations (formerly Manager of the Marketing Unit)
    EXPORTEMOS
    Mangua

Delgadillo came to work for EXPORTEMOS shortly after it was formed at the request of the Director, a friend of his. One condition of his doing so was that he would be given a chance to learn about, to participate in training in, export promotion and development. The WTI course was specifically seen as the medium for this learning. His participation was funded by the USAID.

Delgadillo, having studied and worked as an electrical engineer for all his prior experiences, said he knew nothing about exporting. He found the the WTI course very good, very interesting and very helpful. He participated in the 1973 WTI course, and noted that he found that it could have been

improved by making it more specific in focus on the needs or interests of participants, such as now is being done by the WTI under current programs.

Delgadillo noted that it was essential that participants exhibit a language proficiency in English. (He is a fluent English language speaker.) He observed that in the course he attended, this was not the case, and in his opinion many of the students might not have gotten much, or as much as they could, from the course. He also observed that it is imperative that anyone working in foreign trade must speak at least English. There is no way to get around this fact, in his judgment. Participants without English abilities should not be accepted for the New York course, he said. (Note: in-country training programs, in Spanish, could address the needs of those non-English speakers.)

Delgadillo stated that he was knowledgeable of similar and substantial assistance in export promotion and development being available from the ITC in Geneva. He stated that 3 ITC experts had given, at the request of EXPORTEMOS a one week seminar on trade promotion in Managua, funded at no cost to EXPORTEMOS. He also said that the ITC makes available, through payment of travel and per diem costs, one week "Desk Research" programs in the ITC offices in Geneva. Delgadillo had recently returned from such a project activity in which he studied marketing issues for fresh fruits and vegetables for Nicaragua products. Delgadillo also noted that other EXPORTEMOS officers had also participated in such programs. He further volunteered that the ITC would be giving an in-country seminar in August (one-week) on export of spices.

In his opinion, Delgadillo believes that the WTI is the best source of training and information/assistance for the U.S. market, and that the ITC is for the European market. He noted that during his "desk research" on fresh

fruits and vegetables at the ITC, where he looked into the European, Canadian and U.S. markets, the ITC had no information on USDA regulations for such commodities. He said that it was necessary to obtain this from the U.S.

Delgadillo said he was aware of requests for assistance or advice made by EXPORTEMOS to the WTI. He said he believed the WTI always responded, although a fee was often charged for the information. He was also aware of additional sources of marketing information, such as the London Import Opportunities Office, and CBI, the Dutch Import Office, which provide quality market information.

Overall, Delgadillo said that he found the quality of the WTI services to be very good.

14. Humberto Arguello
    Formerly Assistant to the Executive Director
    Nicaraguan Export Promotion Center
    EXPORTEMOS (now with private firm, CRISTALOZA)
    Managua

Arguello was a participant in the 1972 WTI course. He said that for personal reasons he had to return early to Managua and finished only 75% of the course. He found the course very good, very objective. He said that it gave him a good understanding of national level questions and issues involved in export development and promotion.

It is interesting to note that USAID/Managua participant files show that Arguello expressed dissatisfaction with the WTI course, and for that and for personal reasons also, left the course early. He is quoted as having said

that he found the course not what he thought the WTI offered, that it was not well focused, and that it didn't increase his knowledge in the least. (Airgram TOAID - 145, 10/13/72). During the personal interview with him on the WTI course, Arguello gave no indication that those were in fact views to which he at that time or currently subscribed and, quite to the contrary, had nothing but positive comments about the WTI and his experience there, as well as the relevance of the training he received for later use at EXPORTEMOS and in his current job. It would appear that, being quite young at the time of his participation, Arguello did not understand or appreciate what he really needed to know to work in export development and trade promotion, an appreciation that came only after he had a chance to work in the field itself.

Arguello said that he thought Nicaraguans particularly needed such a course since there has been little export experience in either the private or public sectors.

Arguello said that he was impressed with the quality of the WTI staff. He believes the WTI staff made special efforts to help the participants do research on subjects of interest to them. He observed that "research may seem easy to do, but in reality to do it right is hard, and assistance is needed." The WTI staff and program provided significant help to participants on this area, something which has lasting benefits for future applications.

Following his attendance at the WTI course, Arguello was promoted to the position of Chief of EXPORTEMOS upon the departure of the first Chief.

Arguello suggested that all EXPORTEMOS officers should take the WTI course. He is now involved in exporting in his current business, and says that it is more complicated than it appears. "Exporting is complex; you cannot comprehend all that's involved without training and/or experience." He believes

EXPORTEMOS officers should learn what's involved and how to do as an essential step in their preparation to work in this field.

Arguello was aware of assistance offered and available from the ITC in Geneva, but stated that for the U.S. market in particular, the WTI was the recognized source of expertise.

Arguello observed that the WTI course "opened the door" for him to work in exporting, to know what to do, and where and how to get answers to his questions.

Arguello recommended that USAID/Managua and EXPORTEMOS arrange to send EXPORTEMOS and officials of other Ministries to the WTI course each year.

15. Norman Caldera
    Chief Executive Officer
    Nicaraguan Export Promotion Center
    EXPORTEMOS

Caldera went to work for EXPORTEMOS in a lesser position following graduation from the University of Texas. In 1976, he requested that he be allowed to participate in the WTI course. Immediately prior to completing the course, he learned that, because of the departure of the then Chief of EXPORTEMOS, he was being considered to head the office. The Board of Directors of EXPORTEMOS requested the recommendations of the WTI concerning this possibility and the WTI, according to Caldera, based on his performance in the course gave him a high recommendation which enabled him to become the Chief of the Center.

At the WTI course, Caldera studied the possible export of Nicaraguan shoes. He terms the project a failure, in that no Nicaraguan shoes have been

exported, but a great success as well, in that one of the lessons learned from the WTI studies, that of "product adaptation" produced an exceptionally strong increase in local demand for Nicaraguan shoes. In explaining, Caldera said that his efforts to get the Nicaraguan manufacturers to adopt preferred styles of shoes and methods of quality control of such shoes to be produced for export stimulated internal Nicaraguan demand to such a degree that production capacities still haven't caught up with local demand. Thus, while no shoes were or as yet have actually been exported, the effect for the country has been substantial in terms of increased output generated, and fewer imported shoes brought into the country because of local demand for the national product. Caldera cited the instance of one Nicaraguan company increasing its production from 15% of capacity to currently 85% as a result of the market response.

Caldera said that the WTI course, while it did not necessarily teach him new things, was very helpful to him in "organizing his thoughts" and "arranging his focus" for work in the field of export development and promotion. The course "has been good for" him; it provided him with "an incentive to take concrete action" on possible export development opportunities.

Caldera, based on his experience, is convinced that Nicaraguan manufacturers know nothing about international marketing matters. The WTI course could help address this need.

Caldera said that the end result of the WTI courses could be made greater in impact for the economy if more members of the private sector involved or interested in exporting could be chosen to participate, as opposed to concentrating, intentionally or not, on government officials.

Caldera observed that his policy for running EXPORTEMOS is to utilize all available resources in the export development assistance field to best advantage, since the unit's budget is very small (ca. $250,000/yr.). Thus, he has targeted much of his efforts on the ITC resources, and has successfully obtained substantial assistance through that organization. He particularly cited market research that was done on 75 Nicaraguan products from 30 companies with assistance funds from Germany, through the ITC. He also noted that another member of his staff would be doing "desk research" at the ITC on shoes, as Delgadillo did on fruits and vegetables. These activities would also be supported with German funds. The arrangement worked out by EXPORTEMOS with the U.N. and the German agency is for a three-year period, and provides assistance around $100,000 per year. Caldera noted that because of this availability, and the limited availability of funds for EXPORTEMOS itself to contract for services, he is relying principally on the ITC arrangements to meet his export development and promotion technical assistance needs. He has, however, worked out a proposal and draft contract with WTI for a shoe marketing study in the U.S. which would build on and take advantage of smaller-scale production capacities of the current Nicaraguan market. This project, while still priority for Caldera, has not yet been acted on because of delays in getting the necessary funding from the Nicaraguan Government. Caldera said he is certain he will get it; it's just a matter of time.

Caldera stated that, on the WTI course, "If someone had been asked to build a course for my training needs, it would have been the WTI because it was exactly what I needed."

Caldera feels that the WTI course should be continued, particularly for the benefit of principal (i.e., top and middle level management) export

development executives in public and private sector operations. He also believes the WTI should carefully screen candidates to assure that those chosen for the course are of quality. He feels that it is essential that Nicaraguan executives learn and understand what "import substitution" policies are doing to the economy. He feels that participants from the private sector would definitely attend if the costs of their travel were covered (possibly by A.I.D.), and he would be happy to supply a list of interested candidates.

Caldera is convinced that the immediate and near term prospects for growth of the Nicaraguan economy will depend on stimulating business and government thinking about international marketing prospects and benefits. Caldera stated that EXPORTAMOS long-term strategy is to promote development of agribusiness and agro-industrial products. He is aware of the Ministry of Agriculture's intent to set up a special office to promote new and processed agricultural products, and is certain that much cooperation will result.

With respect to possible future use of the WTI for technical assistance activities, Caldera stated that it is important to recognize that the EXPORTAMOS operation is relatively sophisticated, compared to other national level export organizations in neighboring countries. It has developed a substantial capability to undertake many basic export promotion studies and assessments. Its needs relate principally to market research details and field surveys in foreign markets, areas in which from time to time it will call on outside organizations for help.

As a last comment, Caldera observed that the WTI course was, for him, "the turning point in my career to date in export development and trade promotion."

ANNEX A

Questions for WTI Evaluation

1. How did you come to use WTI services? AmEmbassy contacts (stimulated by AID/W airgram re training)? WTI contacts?

2. Quality of WTI services?

3. Relevance of WTI services?

4. Usefulness of WTI services, including specific results for clients where possible? (E.g., increased production, employment, and foreign-exchange earnings. Also, new markets entered, new products or design or packaging.)

5. Your interest in and plans for expanding exports further (including specific plans if possible)? Plans to use WTI services, including NYC seminar? Planned use of export services from other sources (ITC, private consultants, etc.)?

6. Suggestions re changes in WTI services?

5/30/78

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UNITED STATES GOVERNMENT

Memorandum

TO : PPC/PDPR/RD, Mr. Edward Lijewski **DATE:** August 22, 1978

FROM : IIA/EA/FA, A. David Redding

SUBJECT: Evaluation of World Trade Institute (WTI) Activities in Afghanistan and Sri Lanka: A Trip Report with Preliminary Recommendations/Conclusions

Attached is a report covering my interviews in Afghanistan and Sri Lanka in connection with our evaluation of the World Trade Institute.

Again, the WTI has clearly done an outstanding job with its technical assistance and a very good one with its training program. The benefits could have been vastly greater if the USAID missions and governments involved had been more supportive, but they are nonetheless substantial and show promise of being even greater in the future.

The findings from my two field trips strongly support an extension of AID's grant to the WTI, at a larger and expanding level. They also suggest the advisability of informing USAID missions that increased exports, particularly when they are in labor-intensive areas (as they very often are), create jobs and earn foreign exchange, both of which are necessary for long-term sustained satisfaction of basic human needs.

Attachment:
Evaluation

cc: DAA/IIA, C. Michalopoulos
IIA/EA/IEA, K. Jay
DAA/PPC, C. Paolillo
PPC/PDPR, E. Hogan
PPC/PDPR, J. Eriksson
PPC/PDPR/RD, D. Caton

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Table of Contents

		Page
I.	Introduction	1
II.	Afghanistan: Training Seminars	2
	A. New York City	2
	Mr. Abdul Ahmad	2
	Mr. Habib Rahman Doulatzai	2
	Mr. Khoja Mohammed Wais	3
	B. Kabul	3
	Prof. M. Daud Yar and M. Farouq Sharif	3
	Mr. Abdul Ahmad	6
	Mr. Qasim Nazarzai	7
	Ms. Mary Or	7
	Mr. Dost Mohammed Yar	8
	Mr. Mohammed Yosuf Salihi	8
	Mr. Mohammad Mehdi Rawan Bekhash	10
	Mr. Habib Rahman Doulatzai	10
	Mr. M. Aref Hasler	10
	Mr. Sayed Eshaq	11
	Mr. Hashim Mull	11
	Mr. Edward Saiers	12
III.	Sri Lanka	12
	A. Training Seminar, New York City	12
	Mrs. Beulah C. Moonesinghe	12
	B. Technical Assistance	14
	Mrs. Beulah C. Moonesinghe	14
	Mr. Daya Abeysekera	15
	Mr. Conrad Dias	16
	Mr. S. S. Jayawickrama	18
	Mr. Hewawasam	18
	Mr. Lahlit Athulathmudali	20
	Mr. T. G. Punchiappuhamy	22
	Mr. Shelton	24
	Mr. Tom Arndt	24
IV.	Preliminary Conclusions and Recommendations	24

Evaluation of WTI Activities in Afghanistan and Sri Lanka: A Trip Report with Preliminary Recommendations/Conclusions

I. Introduction

As noted in the previous report on Mexico and Honduras, WTI services designed to help LDCs increase their exports have consisted principally of (1) training seminars, held mostly in New York City but also in LDCs, and (2) technical assistance for specific purposes, provided mainly LDCs.

In Afghanistan, WTI provided only training services: a one-week intensive seminar for 30 participants in Kabul in June 1977 as well as their usual six-week training seminars in New York City, attended by six persons between 1972-76.

In Sri Lanka, the WTI provided both training (in New York City only, for one person in 1975) and technical assistance to current and prospective exporters and government officials.

During the three days in Kabul, August 1-3, I spoke with 13 Afghan nationals as well as the USAID program economist and Mission Director. Of the 13 Afghan nationals, two participated in both the Kabul and New York City training, ten others in only the Kabul seminar and one only in the New York City seminar. Again, as noted in the previous trip report, their backgrounds and work were quite varied.

During the two days in Sri Lanka, August 9-10, I interviewed eight Sri Lanka nationals as well as our USAID representative. Of the eight, only one had participated in the New York City training program; the others had received or were familiar with WTI technical assistance.

II. Afghanistan: Training Seminars

A. New York City

Of the six participants in the New York City training, I interviewed three (one of them only briefly, by telephone).

Mr. Abdul Ahmad, currently Director of the Foreign Trade Department of the Ministry of Commerce, attended the NYC seminar in 1975. It was he who then helped arrange for WTI to conduct the seminar at Kabul; and he also helped arranged for my interviews with Commerce-Ministry officials. Mr. Ahmad found the lectures well prepared and interesting, except for the math which was difficult and not interesting, since he does not deal with math in his work. Accordingly, he asked WTI to downplay math at the Kabul seminar. The main suggestion he made for future training is that materials should be more directly related to country-specific needs.

Mr. Habib Rahman Doulatzai, currently Director of Import Controls at the Ministry of Commerce, attended the New York City seminar in 1973. He felt the seminar was "high quality" and that it was "very relevant" to his work in 1973 for the Export-Promotion Department. Since then, it

has also been useful to him in his public relations work with exporters and chambers of commerce. He appreciated the opportunity to exchange ideas with nationals from developing countries all over the world, many of whom he still keeps up with. He also felt the one-week field trip to Texas was interesting and useful and that the lectures from well-known professionals in the U.S. were good as well as relevant. He had no recommendations regarding improvements in WTI services, although he implied that students should have greater English proficiency.

Mr. Khoja Mohammed Wais, of the N. P. Wais Products Company, was the only participant from the private sector, so that when it was not possible to interview him personally--due to real or diplomatic illness connected with the recent coup--I asked him a few questions over the phone. He noted only that his training had taken place a long time ago (in 1972) but that he recalled it was "good, useful, helpful." He also referred me to other people in exporting, but I had no time to follow these leads, particularly since they were unrelated to WTI work.

B. Kabul

Of the 12 persons interviewed regarding the one-week WTI training seminar at Kabul, two teach in the Economics Department at Kabul University, eight were or are employed by the Ministry of Commerce, and two work for the Industrial Development Bank.

Professors M. Daud Yar and M. Farouq Sharif (Economics Department, Kabul University) both characterized the WTI training seminar as "very useful"

to them, "very relevant, and very interesting." They noted that the principal instructor, Jim Levin, knew his material very well, that its quality was much higher than that of an ITC training program (which the two of them had apparently attended in another country), and that it illustrated for them the relevance and relationship of the practical to the theoretical in the export and marketing area. The training also helped them to organize a subsequent export and marketing seminar for private exporters and Ministry of Commerce officials involved in promoting Afghanistan exports. At the same time, they expressed their belief that the WTI training (apparently some of the pricing and marketing techniques) was at a higher level than GOA officials and government export managers could absorb, particularly since the seminar was fast-paced and intensive and also because there was some language problem for some (many?) of them. They believed this, despite the fact that Jim Levin had told them he had pitched the training at a lower level than at New York City. Sharif, the junior of the two, said that even he had had some problems with certain practical aspects of the case studies although not with the theory.

Both professors had a good many suggestions for future training seminars, many of which dealt with how to overcome communications difficulties: (1) The lectures, prepared in English and handed out, should be distributed much earlier, so that they can be translated into the local language of Dari or at least studied ahead of time by the participants. Perhaps even more important in their eyes, (2) the WTI should

concentrate on training local persons who in turn could train Afghan exporters and others who do not know English well enough to attend a seminar in English. (3) The WTI should follow up such seminars by sending to local Afghan institutions (presumably Kabul University in particular) materials on (e.g.) market-research analysis, new export trends, and prices, including particularly case studies related to actual or potential Afghanistan exports, so that Afghan nationals who have participated in WTI training could conduct follow-up seminars at least every three to six months. They recognized that WTI market research focussing on Afghan problems would involve considerable work on the part of WTI, but they felt the cost would be justified if the work included sufficient specifics on prices as well as tariff and non-tariff barriers to Afghanistan exports. Ideally, the WTI (or USAID) should maintain at least one person fairly continuously in Afghanistan to do the market research required for specific products, working closely with WTI facilities in New York City. In that connection, Professor Yar noted that the ITC man currently working with the Ministry of Commerce in Kabul was working more on general than specific problems (4) The WTI courses should be longer, since the material was too voluminous and difficult to absorb in one week. Also, arrangements should be made for on-site lunch, both to save time and because most participants do not have the necessary private transportation. Finally, (5) they noted that the participants in WTI training should be selected more carefully and include more persons who are concerned with exporting and marketing and related export products rather than with

routine government management in the export area (presumably including more actual or potential exporters if the language problem could be overcome).

Mr. Abdul Ahmad (Director of the Ministry of Commerce Foreign Trade Department) arranged for me to interview him and his current or former colleagues at the Commerce Ministry. (Note that a man to whom I was introduced, but whose name I did not get, remained in the room during all my interviews there. He told me later that he is the "Director of Permits," a job created at the Ministry since the recent coup. He understood English well enough to monitor all interviews, but I could not tell how much his presence--which was relatively unobtrusive, since he sat at the other end of a long conference table--inhibited the interviews. For some, it seemed to have no effect; for others I'm less sure.)

Mr. Ahmad found the Kabul seminar "very useful" to him and, based on his contacts during and after the seminar, similarly useful to other Ministry of Commerce participants as well. He characterized the materials presented at Kabul as "very good," and "dealing with basics" in view of the limited time. The language problem, while also present at Kabul, was somewhat easier to handle than in NYC, since those who had difficulty in following the lectures because of limited English proficiency could obtain help from those participants who knew English better. The seminar was both interesting and relevant, but it would be hard to say it was directly useful to participants in their daily work. This was primarily because the WTI used material similar to that in the NYC seminar rather than

special material designed for Afghanistan. Thus, the examples and case studies were less useful to a land-locked, least developed country such as Afghanistan.

Mr. Ahmad added that he would like to use WTI services again, since they are needed in Afghanistan, but of course the new GOA would have to make that decision. He recommended that the WTI use still less math in any future seminars and--more important--provide materials more relevant to Afghanistan's problems and opportunities. He felt the materials should continue to be in English but (in response to my question) it would be useful to have some of it translated into Dari, perhaps by Kabul University staff.

Mr. Qasim Nazarzai (Assistant Director of Agriculture, Export Promotion Department, Ministry of Commerce) characterized both the material and instruction as good. He noted that the instructors knew their material and that the information was helpful--but not nearly as much as it would have been had the information and examples been less general and instead more specifically about land-locked countries. He suggested that in any future training, the WTI use simple examples drawn from countries that have similar problems. He also suggested that the WTI conduct regional seminars, with participants from Afghanistan and such neighboring countries as Nepal and Laos.

Ms. Mary Or (Handcrafts Section, Export Promotion Department, Ministry of Commerce) was either extraordinarily inarticulate or her English extremely

poor--or perhaps she attended a training seminar other than the one conducted by the WTI. In any event, she noted she had had problems because of her lack of marketing background, and she provided no information which suggested that she had in fact received the particular training extended by the WTI in Kabul.

Mr. Dost Mohammed Yar (with the Export Department at the time of training, but now working on a Ministry of Commerce transport project financed by the U.N.) characterized the training as interesting and at an appropriate level of difficulty for him. He felt that Mr. Levin was most successful in his teaching, which focused on supply problems, competition with LDCs as well as with developed countries, etc. He felt that some of the material was useful but that more attention should have been given to more practical instead of theoretical exercises and examples; he also felt that the examples should be more tailored to LDC (Afghanistan?) problems. (Note: I suspect, in view of comments from others, that he judged all examples from countries in different economic positions than Afghanistan as being too "theoretical.") He noted, incidentally, that language was not a problem for him, though he implied it may have been for others; and he stated specifically that the materials were too difficult for some participants.

Mr. Mohammed Yosuf Salihi (Director of International Exhibitions, Ministry of Commerce) praised the teaching, content, and materials provided as good and generally relevant, and the instruction as very good, although he noted that some of the materials, particularly the case studies and examples,

were less relevant to Afghanistan's needs (apparently because they dealt too lightly with Afghanistan's special transportation problems). Nonetheless, he felt that the WTI seminar had halped him and others, and that the general marketing information given at the seminar was proving useful to his work on exhibitions, even though exhibitions were not specifically covered. He had had no prior experience in this area, and the seminar gave him an introduction to practical commercial principles. Mr. Salihi had a number of suggestions regarding future training seminars: (1) Materials should be given out well in advance, so that particularly those students with language problems will have time to study them. (2) The training period should be longer, since the material, particularly that on costing and prices, is too difficult and technical to cover in so short a time. (3) In view of language difficulties, some of the lectures as well as some of the materials should be translated. (4) WTI lecturers should come to Kabul ahead of time to prepare examples based on specific needs of Afghanistan. Also they should require reports or give tests to make sure the students participate more fully and are absorbing the materials--as he said the ITC did in an export seminar in Iran. (5) Some private exporters should also receive export training, despite the problems because of their lower educational level and English proficiency in some cases. (6) Finally, the WTI should hold regional seminars with participants from LDCs which have similar problems or special contributions to make--for example, Nepal and also India because of its better management of handicrafts.

Mr. Mohammad Mehdi Rawan Bekhash (formerly with the Afghan Carpet Exporters Guild which works under the Ministry of Commerce, now with the Department of Transportation) characterized the materials as "interesting, not complicated" and the instruction as "clear." The seminar was "very useful," and he learned a lot about how to enter foreign markets. But the seminar was too short to enable the group to work with practical examples, and the materials were not tailored to Afghanistan's needs nor even for LDC (as contrasted with DC) needs generally. He would welcome an additional seminar for Kabul which would focus on helping Afghanistan expand or initiate specific exports and would also provide some information on domestic trade.

Mr. Habib Rahman Doulatzai attended only the first two days of the seminar before leaving for London to attend an 11-month management course. His remarks were centered on his WTI training in NYC, but he did note that the language problem at Kabul was easier to overcome than in NYC, since here the better students could help the others.

Mr. M. Aref Hasler (formerly with the Handicrafts and Mineral Exports Section of the Ministry of Commerce, now with the Trade Information and Documentation Center) characterized the WTI focus on export promotion techniques, export management, and marketing as "very interesting" and "quite useful not only for the position he had held which had involved aspects of marketing but also "very useful" to him now in locating foreign buyers and in working with local exporters and potential exporters to improve product quality, etc. He found the material and lectures "easy enough to understand," but he felt that many participants had difficulties because of

language problems. For future WTI training, he recommended a longer seminar which could then go more deeply into market analysis and accounting as well as general problems of export management. Also, he advocated more case studies and attention to statistics in the training. He did not feel that the training materials and lectures should be translated, "except for private exporters and traders"; rather, participants should themselves increase their English-language proficiency.

Mr. Sayed Eshaq (Assistant Manager, Project Department, Industrial Development Bank) and Mr. Hashim Mull (Project Analyst, Project Department, IDB) both used the words "high quality" to describe the WTI seminar. The WTI instructors were "experts in their field," and the materials were "good" and of "high quality." The seminar covered such topics as marketing and market management, pricing, planning, exhibitions and trade fairs, and export promotion generally; and the content was "well organized." However, they felt that the case studies were not relevant to Afghanistan's needs or experiences, that the lectures and materials should have covered products which are or could be exported from Afghanistan (e.g., raisins and leather) rather than S. Korean or E. European examples. Nonetheless, they concluded that the WTI training on marketing had helped them to understand the problems, though it was not sufficient to enable them to perform the market analysis; that the training, in general, had "sharpened and broadened their knowledge"; and that particularly the sessions on pricing were "most useful and interesting.

Re improvements in future WTI training, they both recommended that the training (1) be more oriented to specific Afghanistan needs and cover Afghanistan products, (2) last for two weeks instead of one, and (3) should broaden its treatment of marketing and also invite some of the more capable participants to NYC for the six-week training course. Finally, (4) they stressed the importance of WTI sending follow-up material to participants--as they said WTI had promised but did not do after the seminar in Kabul last year. They had no recommendations regarding the language problem, which they recognized as a serious one for some participants; but, in response to my question, they did not favor the use of local instructors such as professors from Kabul University, since the professors would be "too theoretical."

Mr. Edward (Larry) Saiers (USAID Program Economist) seemed to agree with the main thrust of the comments from Afghan nationals interviewed. To achieve any real effect, he felt that any WTI training effort should be larger and last longer, and it should be specially tailored to Afghanistan's needs. More specifically, several months of training would be required, and it should cover (e.g.) export of agricultural products such as fresh fruits and vegetables to Iran and other parts of the Middle East. suggested that USAID/A might be able to finance some of the WTI efforts required via their agricultural project, provided (as seemed probable) higher levels of the GOA concurred.

III. Sri Lanka

A. Training Seminar, NYC

Mrs. Beulah C. Mooney he is the only person from Sri Lanka who has

participated in the WTI training seminar in NYC (in 1975). She is the manager and principal partner of Inter Trade, a firm involved in foreign trade, and she is the person who introduced WTI to the Sri Lanka Ambassador to the U.S., who in turn helped arrange for them to provide the technical assistance discussed below. (One example of Inter Trade exports, which profited from WTI help, is noted in the following section.) She also arranged for me to talk to the Minister of Trade.

Mrs. Moonesinghe had attended the Harvard Business School, and therefore she found the WTI training elementary for her. She felt the basic training and information provided was good for persons not previously trained and that its level (which she described as medium) was right for the other participants, who were mostly from Africa. Also, she felt it was better for government officials (which most of the trainees were) than for private exPorters (who she thought could profit more from such training if it were tailored to their needs). What she especially valued and appreciated were the contacts provided by WTI, which she found very useful--as did others, she believes. Mr. Keller's services in those contacts were more useful to her than the training itself. (Mr. Keller, formerly in charge of WTI technical assistance related to the AID grant, was recently put in charge of all aspects of the AID-related work, including training.) Without them, she would have had great difficulties, since she had had no previous opportunities to make such contacts. Her principal recommendations were (1) that future WTI training be more specialized and tailored to the capabilities and interests of individual participants, and (2) that WTI train more actual or potential exporters, particularly from the private sector, rather than government bureaucrats who usually "don't or won't" use the training. (Note: A major

problem in carrying out these recommendations is the expense. Additional core funding or USAID Mission support would help, in view of the usual scarcity of LDC funds for such training purposes.) Mrs. Moonesinghe recognized that non-English speakers would have trouble particularly with spoken English, which would be aggravated by the jargon used. But, perhaps because she (and most educated Sri Lankans) speak English well, she had no suggestions to offer.

B. Technical Assistance

Mrs. Beulah C. Moonesinghe, as noted above, had helped arrange for WTI contacts, particularly with the hand-loom industry; and so she was familiar with WTI technical assistance. She characterized it as "very good" and "just right," but noted that GOSL help was needed at this point to help organize the cottage segment of the industry (variously estimated at about 100,000 to 150,000 hand looms), arrange for training, upgrade production quality, etc. At that point, the private sector could carry on, with WTI help. The WTI had also helped Inter Trade directly, apparently informally. As a result of contacts made by Keller in Los Angeles, Inter Trade was providing sewing services to garment manufacturers there. She would like to produce the entire garment in Sri Lanka, but the higher U.S. tariffs on garments than on sewing services alone makes this impractical at this time. (She also noted that air freight of garment materials to Colombo was much more costly than the return freight, but apparently they are coping. She did not note, and I did not ask, the magnitudes involved in the sewing services, nor did she note other examples of her business.)

Mrs. Moonesinghe concluded by noting that WTI, and Bob Keller in particular, are very good and that she will use their services whenever feasible.

Mr. Daya Abeysekera had been Chairman of Marketing Services, Ltd., a state-owned company which had responsibility for organizing small-scale hand-loom operators and upgrading the quality of their products, so as to facilitate exports and domestic sales. When the new government dissolved the company, Mr. Abeysekera became a partner in Inter Trade.

Mr. Abeysekera noted that Sri Lanka hand-loomed products did not meet the high quality standards needed, especially for exporting, but also for the domestic market. The WTI (Keller was specifically mentioned, but apparently he worked with a U.S. expert) helped upgrade the quality of these products. They first studied U.S. market requirements and then surveyed the hand loom industry in Sri Lanka. They then recommended changes needed as to colors, design, etc; and they provided guidance to the industry on implementing the changes recommended. Keller also arranged for representatives of the Sri Lanka hand loom industry to come to NYC to meet U.S. importers who provided swatches of colors desired, following which Sri Lanka exporters sent samples of what they understood would meet U.S. market demands. These samples were examined and critiqued by NYC importers until the Sri Lanka industry came up with products acceptable to U.S. importers (in NYC and elsewhere).

Mr. Abeysekera noted that the joint GOSL/WTI program had been "very good" and that the prospects for expanded exports had been "great." Some exports by the 150,000 persons engaged in hand looming were continuing; but without the training, technical assistance, and organizational support provided by the government (which the current GOSL had interrupted), these cottage industry workers were having trouble both with exporting and with meeting the competition in Sri Lanka from the foreign fabrics and clothing now being imported more freely. Mr. Abeysekera concluded by noting that WTI services had been the "best possible" for both Sri Lanka and foreign (i.e., U.S.) importers. He hoped WTI assistance would be continued, particularly since "hand looming is very labor-intensive and earns foreign exchange." (Note: Subsequent interviews suggested that exports of hand-loom products from small-scale operators (one or two hand looms) were more a very likely prospect than a current reality. Most exports of these products--estimated at only about $100,000 in 1977--now come from two large producers. Nonetheless, the prospects for substantially larger hand-loom exports, with increased earnings for self-employed handicraftsmen as well as increased employment and foreign-exchange earnings generally, seem reasonably good if the new GOSL carries out the plans outlined by the Minister of Trade and the Chamber of Commerce.)

Mr. Conrad Diaz (Executive Secretary, Ceylon Chamber of Commerce) had not had sufficient contact with the WTI to comment on the quality of their services, but I wanted to see him to clarify some questions about Sri Lanka exports in general and the hand-loom industry in particular. He supported

fully the approach to exporting of the new GOSL, since they seem to share his view that the government should provide incentives to the private sector rather than intervene too actively itself. In that connection he noted that the new GOSL had abolished the old system of export incentives (which were related to the exchange controls formerly in force) and now planned new incentives for non-traditional exports. The Chamber of Commerce has already suggested setting up a National Export Board (see interview with Minister of Trade) and will make specific suggestions regarding new export incentives to this Board when it is set up, he said. Mr. Dias also stressed the need for more training for private exporters, both generally and specifically in the area of export promotion; and he urged that some funds (presumably from the WTI, although he may have intended this for foreign aid generally) should be reserved for such private sector training.

Regarding the small-scale hand-loom industry, he called in an assistant who pointed out that the dissolution of Marketing Services Limited was no great loss, since it was only an intermediary organization. Further, a government organization called Laksala, which is still functioning, is charged with coordinating the exports of hand-loomed products. Moreover, the assistant noted that three or four of the larger small-scale hand-loom producers are still exporting.

Mr. Dias continued that any small-scale hand-loom producer of a good quality product can still export, through Laksala or privately, and that no hand-loom

firm seems to be doing worse than formerly. He added that his Chamber will be working with "Paunch Corp" experts, if the program is approved by the GOSL (presumably, though I do not recall for sure, for exports generally).

Mr. S. S. Jayawickrama (Deputy Secretary, Ceylon Chamber of Commerce) repeated the recommendation of Mr. Dias that some part of training funds should be earmarked for the private sector (this was said in the context of foreign aid, though not necessarily WTI assistance), because he felt strongly that "the private sector needs more training generally and particularly re exports." They also need more information on marketing, particularly on prices of foreign competitors; and this is generally true even for the large exporters, since the GOSL does not provide sufficient price information. He noted that hand-loom exports are made mostly from one or two large firms who do their own production and marketing: One exported approximately $40,000 in calendar year 1977, according to Ministry of Industry statistics; the other exported $20,000 in the same year. The exports of other firms were apparently too small to show up in the statistics, but he judged that total exports were no more than $100,000 in 1977. He also noted that the problem in exporting hand-loom products today was primarily one of high-quality supply, rather than marketing, but that the supply situation had improved recently, with the easing of textile imports.

Mr. Hewawasam (Director of Marketing, Export Promotion Secretariat, Ministry of Trade) started his remarks by stressing that Keller was "good" and that he "knew what he was about." Regarding hand-loom products, he repeated

previous observations, namely that Keller studied the situation in Sri Lanka, took samples to the U.S., etc. He then characterized WTI work with the State Gem Corporation as "successful," noting that Keller arranged for machinery needed for the gem industry. He consistently referred to Keller (his contact at WTI), and praised him as "dynamic" and "very good in getting things moving." He "would definitely use WTI services again if feasible"--which he later explained as meaning if it could be financed by foreign aid, since the GOSL (or at least his unit) does not now have funds available. He would like to send groups of businessmen abroad, rather than one or two as in the past, and he would particularly like more "design consultants" (for the hand loom industry, I believe).

Mr. Hewawasam also provided some general information on the hand-loom industry and on export promotion. There are about 85,000 hand looms in the small-scale hand-loom industry (others estimated the number at up to 150,000) each with a single operator, and six larger hand-loom firms, each with about 50 looms. The larger firms export some of their own production but do not contract currently with smaller operators to export the latter's products because of quality-control problems. The smaller operators, some of whom are organized into cooperatives, sell to the domestic market only. Marketing Services Limited had organized the smaller firms for exporting but had not really gotten started except for trial shipments. Total exports of hand-loom products were $75,000 to $100,000 in 1977; they probably increased somewhat in the first half of 1978, and they should rise to $150,000 by 1979.

Salu Sala (a GOSL textile unit) has the management capability and financial resources to help organize the small-scale industry for exporting; and they now have the WTI report prepared for the defunct Marketing Services Limited. They hope to upgrade design and quality of the production and have also advertised for foreign partners. The GOSL longer-term strategy re exports from small-scale operations calls for using (1) large manufacturers who can work with and export production of smaller operators (presumably on a contract basis) and (2) private and public export houses for the same purposes.

Mr. Lahlit Athulathmudali, Minister of Trade. (The appointment was arranged by Mrs. Moonesinghe, a long-time personal friend of the Minister. I was unable to take notes at the time, but I discussed the interview immediately thereafter with Mrs. Moonesinghe, and I made notes when I returned to the hotel.) Following a few pleasantries and my explanation of the purposes of my visit to Sri Lanka, Minister Athulathmudali made the following points:

(1) He knew of WTI work and had met Keller. He appreciated their work and its importance, though not everyone in Sri Lanka had yet come to share his views. In response to my question, he indicated that he knew of nothing negative re WTI work, only that some did not realize its importance, as he did. He later noted his hope that the USAID would attach greater importance than they had in the past to helping Sri Lanka expand its exports; and he emphasized this point as being very important to Sri Lanka development because of the jobs created and foreign exchange earned. So perhaps

he had USAID and the American Embassy in mind more than the GOSL officials.

(2) He was proposing a three-pronged program to expand exports:

a. A Council of Ministers which would be established to deal primarily (or entirely) with export problems at a very high level. Its job would be to help exporters and exports, and it would be able to solve problems which cut across Ministerial lines. (Mrs. Moonesinghe thought the Ministers would attend meetings personally, not send deputies, and that the President might chair some meetings, as was the case in South Korea which Mr. Athulathmudali mentioned.)

b. A National Export Board--presumably to act as an implementing arm for exports, perhaps to promote investment in export industries, perhaps to coordinate market studies, etc. He gave no details.

c. An export promotion fund, to avoid the need for separate appropriations in several Ministries. Again, he gave no details--which probably have not been worked out.

(3) He hoped to have this program in place by January 1979 and perhaps even earlier. At that time he would like to review the possibilities for using WTI services, and he hoped USAID would cooperate.

Note: I was very impressed by the Minister in every way--his clear thinking, articulateness, and general grasp of the situation. I did not feel I could ask too many questions, so mainly I listened; and I took leave when he seemed to have concluded, even though we could have stayed longer, since many people

had preceded us into his office and many more were still waiting. Mr. Athulathmudali strikes me as being a very powerful, competent, and self-confident person; he seems to have substantial status currently in the GOSL, and he may well acquire more.

Mr. T. G. Punchiappuhamy (Chairman, State Gem Corporation), first told me something about the gem business and his corporation which, for historical reasons, works under the Finance Ministry. Official exports of unset gems have increased from less than $1 million in 1970 to $50 million now. A good part of the increase comes from the reduction of smuggling, which may still be in the neighborhood of $15 million to $20 million dollars annually. Jewelry exports are still low, and it is in this area that the WTI provided advice.

A WTI gem expert first examined Sri Lanka jewelry and gave the corporation advice on gem design, then took samples to New York City to show U.S. importers, reported their reactions to Sri Lanka, and prepared a report recommending the changes required to meet U.S. market demands. The report was "a good one," and "we made the improvements recommended." Also, the WTI worked with the State Gem Corporation in connection with a New York City trade fair in May, 1978, at which the Corporation received some orders, though not in really substantial amounts. Mr. Keller arranged for Mr. Shelton (Chief Designer of the State Gem Corporation) to visit leading jewelry firms in New York City

then, so as to learn new saleable designs. (ITC funds were used to pay for Mr. Shelton's trip. ITC has also provided marketing intelligence; and an ITC marketing expert went with a Sri Lanka counterpart on an around-the-world trip.)

The WTI gave them two "very valuable" reports, Mr. Punichiappuhamy said, which he also characterized as "very good, very useful;" and Mr. Keller has always been "very cooperative." He added, however, that they require much more: information and training in design and marketing methods and also contacts with importers. In particular, "we need a resident expert in design and jewelry manufacturing" who would train a nucleus of Sri Lanka workers who in turn could train others. The expert could be short term, perhaps for about six months. Then, "we could be very competitive with Italy, Thailand and other countries, since our wages are low and our labor is skilled." But "we need help to improve the quality and design of our jewelry for export," also assistance in large-scale mining, involving heavy and expensive machinery, since all gems except diamonds (which are imported as rough stones) are mined in Sri Lanka.

Mr. Punchiappuhamy concluded that he would like additional help from the WTI, as noted above, particularly for design and manufacturing and later for assistance in marketing. He had no suggestions to make for improvements in WTI services.

Mr. Shelton (Chief Designer, State Gem Corporation) was present for most of the interview with Mr. Punchiappuhamy, and he seemed to agree with all of his remarks. He noted his appreciation of WTI services, especially those of Keller which were provided free to him during May and June when he was in New York City. The services were "good" and he was "happy" with them, and he particularly appreciated having a WTI staff member (a Mr. Berke) work with him during this period.

Mr. Tom Arndt, USAID Representative. I spoke with him the morning of August 9, to brief him on the purpose of my visit and to note the persons I intended to see. After completing the interviews in the afternoon of August 10, I briefed him on my visit with the Minister of Trade. I offered to brief the Ambassador on that visit and also to run through any other interviews of interest; but he declined both offers. He noted he knew little or nothing about WTI work.

IV. Preliminary Conclusions and Recommendations

As I found on the Latin American visit, the WTI training efforts were considered to be generally very good, despite the large number of suggestions for improvements--which were offered in response to my direct questioning. Clearly, WTI should continue its efforts to improve its training program, principally (judged from the Afghanistan experience) to tailor them more specifically to individual and country needs. Such

tailoring will be neither easy nor inexpensive, however. In the case of Afghanistan, it would involve substantial preparations ahead of time, in both New York City and in Kabul, and also greater use of local instructors as well as translation of both lectures and materials. These problems are not insurmountable, of course, provided that AID/W or the USAID mission is willing to underwrite the effort (in view of the usual LDC situation of inadequate availability of funds). Other suggestions included lengthening the in-country seminars, better selection of participants, particularly to include private exporters as well as government officials involved more directly in exporting, and more follow-up efforts.

The reactions to WTI technical assistance in Sri Lanka, as in Honduras, were extraordinarily favorable. Accordingly, suggestions for improvement were virtually nil. Those implied by interviewees seemed to be more in the nature of (1) changes in USAID policies, so as to support WTI efforts more fully, and (2) elaboration of GOSL policies designed to place increased exporting closer to the center of Sri Lankan efforts to expand employment and foreign exchange earnings, and thus lay the basis for long-term, sustained satisfaction of basic human needs.

**** TWELFTH PROGRAM ****

EXPORT INDUSTRY DEVELOPMENT AND TRADE PROMOTION

WITH

WORKSHOPS IN APPLIED MARKETING

SEPTEMBER 25-NOVEMBER 3, 1978

The World Trade Institute

**** TWELFTH PROGRAM ****

EXPORT INDUSTRY DEVELOPMENT AND TRADE PROMOTION

WITH

WORKSHOPS IN APPLIED MARKETING

PROGRAM ELEMENTS		TIME FRAME (hours/days)
I.	CONCEPTUAL LECTURES	35.75/6.5
II.	SEMINARS-INDUSTRY ORIENTATION	15.00/2.5
III.	SKILL SESSIONS	15.00/2.5
IV.	WORKSHOPS	12.00/2.0
V.	CASE STUDY SESSIONS	5.00/1.0
VI.	PRODUCT CONSULTATIONS	61.5/10.0
VII.	GROUP FIELD VISITATIONS	14.00/2.0
VIII.	OTHER	11.75/2.0

A. Introduction/Briefings (3.5/.5)
B. Evaluations (2.25/.25)
C. Orientations (6/1.0)

TOTAL (I-VIII).....170 hours/28.5 days

IX. PERSONNEL

A. WTI Staff
B. Outside Staff

X. SUMMARY SHEET

A. Countries Represented
B. Participants (Name/Affiliation/Country/Product)
C. Funding

The World Trade Institute

PROGRAM ELEMENTS

I. CONCEPTUAL LECTURES

DATE	TOPIC	LECTURER	DURATION (h
	A. MARKETING CONCEPTS		
9/25 (P.M.)	1. Introduction to Marketing & Marketing Mix	Numerof	2.75
9/27 (A.M.)	2. Marketing Research & Product Planning	Numerof	2.75
9/27 (P.M.)	3. Types of Products & Their Marketing Requirements	Numerof	2.75
9/28 (A.M.)	4. Marketing Channels: Retailers	Numerof	2.75
9/28 (P.M.)	5. Marketing Channels: Wholesalers	Numerof	2.75
10/4 (A.M.)	6. Sales Forecasting & Market Planning	Numerof	2.75
			16.5 hours
	B. PRICING CONCEPTS		
10/4 (P.M.)	1. Export Pricing Approaches	Berke	2.25 hours
	C. LEGAL/BANKING CONCEPTS		
9/29 (A.M.)	1. Legal Aspects of Exporting	Gevantar	3.0 hours
	D. EXPORTING CONCEPTS		
10/2 (A.M.)	1. Assessing Export Capabilities	Most	2.75
10/2 (P.M.)	2. Export Incentives	Most	2.75
10/3 (A.M.)	3. Overseas Export Promotion Centers	Most	2.75
10/3 (P.M.)	4. Domestic Export Promotion Centers	Most	2.75
			11.0 hours
	E. CULTURAL CONCEPTS		
9/29 (A.M.)	1. Cultural Aspects of Export Development	Bonaparte	3.0 hours

TOTAL (A,B,C,D,E).....33.75 hours

(6 days)

II. SEMINARS - INDUSTRY ORIENTATION

DATE	TOPIC	LEADER	DURATION (hrs.
	THE CULTURAL AND SOCIOLOGICAL ASPECTS OF THE MARKETING FUNCTION		
	A. WHAT IS AMERICA AND HOW DO AMERICANS LIVE*		
10/5 (A.M.)	1. The Clothes We Wear And	Hamburger	2.0
(P.M.)	How We Buy	Villiotti	4.0
10/10 (A.M.)	2. The Food We Eat And	Casper	6.0
(P.M.)	How We Buy		
10/6 (A.M.)	3. The Way We Live And	Diamond	3.0
	How We Buy		

TOTAL (A).....15.0 hours

(2.5 days)

*An overview and understanding for future marketers interested in planning strategies for the United States market.

III. SKILL SESSIONS

DATE		TOPIC	LEADER	DURATION (hrs.)
		A. EXPORT MARKET PROFILING EXERCISE		
10/12	(A.M.)	1. Discussion of EMPW	Pobanz/Buton	.50
	(P.M.)	2. Individual Work - I		1.50
		3. Individual Completion - I a. Part I questionnaire		3.00
10/13	(A.M.)	4. Discussion - Part II	Pobanz	.25
	(P.M.)	5. Small Group Work II		6.50
		6. Completion Part II		1.25
10/16	(A.M.)	7. Review/Discussion - Part I	Pobanz	1.00
		8. Review/Discussion - Part II	Pobanz	1.00
		B. LIBRARY RESEARCH		
		How to Use Reference and Research Materials		On-going

TOTAL (A) ..... 15.00 hours

(2.5 days)

IV. WORKSHOPS

- Integrating conceptual and theoretical lectures (Section I) into an applied format for application to projects of each student.
- These Workshops are interfaced with the case studies (Section V) for a total approach.

DATE	TOPIC	LEADER	DURATION (hrs.)
10/17 9:00-11:00 a.m.	A. MARKET PLANS	Keller & WTI staff	2
10/18 9:00-11:00 a.m.	B. MARKET RESEARCH	Keller & WTI staff	2
10/19 9:00-11:00 a.m.	C. TEST MARKETING	Keller & WTI staff	2
10/20 9:00-11:00 a.m.	D. PRICING	Keller & WTI staff	2
10/23 9:00-11:00 a.m.	E. DISTRIBUTION	Keller & WTI staff	2
11/3 9:00-11:00 a.m.	F. PARTICIPANT WORKSHOPS - How do you plan to implement this project when you return home?	Keller & WTI staff	2

TOTAL (A,B,C,D,E,F).....12 hours

(2 days)

V. CASE STUDY SESSIONS

- To be integrated with the Workshop session (IV)

DATE	TOPIC	LEADER	DURATION (hrs.)
10/17 11:00-12:00 noon	A. MARKET PLANNING		
	1. H.J. Heinz Company (Ketchup)	Buton	1
10/18 11:00-12:00 noon	B. MARKET RESEARCH		
	1. Green Giant Company (Frozen Fruits)	Buton	1
10/19 11:00-12:00 noon	C. MARKET SEGMENTATION & RESEARCH/ PRODUCT POSITIONING		
	1. Ocean Spray Cranberries (Foods)	Buton	1
10/20 11:00-12:00 noon	D. PRICING/COST ANALYSIS		
	1. X-B Products (Canned Foods)	Buton	1
10/23 11:00-12:00 noon	E. INTERNATIONAL BUSINESS/MARKETING POLICY DECISIONS/INDUSTRIAL MARKETING		
	1. PME, Incorporated (Plastics)	Buton	1

TOTAL (A,B,C,D,E).....5 hours

(1 day)

VI. PRODUCT CONSULTATIONS

DATE	TOPIC	LEADER	DURATION (hrs.)
	A. LIBRARY/RESEARCH		
	1. Product Research	Keller & WTI staff	
(A.M./P.M.)	2. Setting up Field Interviews (5 sessions)	Keller & WTI staff	21
10/25-10/27 10/30-11/1	3. Final Report Preparation (3 sessions)	Keller & WTI staff	
	B. FIELD INTERVIEWS		
(A.M./P.M.)	1. Participant Interviewing Experts in Field		14
		TOTAL (A,B).....	35 hours (6 days)
	C. PRODUCT CONSULTATION SESSIONS		
	• Utilizing a team approach to maximize professional input to participants		
10/16-10/20 10/23 (P.M.)	1. Scheduled twice per week for one week	Keller & WTI staff	21 hours (3 days)
	D. ORAL REPORT PRESENTATION/CRITIQUE		
11/2 (A.M./P.M.)	1. Group discussion (2 sessions)		5.5 hour
		TOTAL (A,B,C,D).....	61.5 hour (10 days)

VII. GROUP FIELD VISITATIONS

DATE	TOPIC	LEADER	DURATION (hrs.)
	A. PORT ORGANIZATION/CARGO HANDLING		
10/11 (A.M./P.M.)	1. Port Commerce		7
	B. OTHER VISITATIONS		
	1. Major Supermarket	Casper	3.5
	2. Major Department Store	Villiotti	3.5
		TOTAL (A,B).....	14.0 hours (2 days)

OTHER VISITATIONS ON AN INDIVIDUAL BASIS PER "VI"

VIII. OTHER

DATE	TOPIC	LEADER	DURATION (hrs.)
	A. INTRODUCTION/BRIEFINGS		
9/25 (A.M.)	1. Introduction	Keller/Nehrt	.5
(A.M.)	2. AID/Opening Remarks	AID/W	.5
(A.M.)	3. Program Briefing	Buton	.5
(A.M.)	4. AID Participant Arrangements	AID/W	.5
(A.M.)	5. Administrative Procedures	Buton	.5
9/26 (A.M.)	6. Group Assignments/PCS Briefing/ Past Problem Areas	Buton	1.0
		TOTAL.....	3.5 hours
	B. EVALUATIONS		
9/26 (A.M.)	1. Participant Evaluation		1.25
11/2 (P.M.)	2. Confidential Evaluation Questionnaire		1.00
		TOTAL.....	2.25 hours
	C. ORIENTATIONS		
9/26 (A.M.)	1. Library (2 sessions)	Janiak	.75
9/26 (A.M.)	2. Interfile (2 sessions)	Callahan	.75
9/26 (P.M.)	3. International Center	Shea	1.50
10/5 (P.M.)	4. U.S. Customs	Brown	1.00
		TOTAL.....	4.00 hours
		TOTAL (A,B,C).....	11.75 hours
			(2 days)

IX. PERSONNEL

A. WTI STAFF

ROBERT KELLER

WARREN BERKE

JENNIFER BUTON

JAMES POBANZ

BENNI SUE MORRISON (Port Authority Management Trainee)

ARTHUR TORRO (Pace University Graduate Intern)

B. OUTSIDE STAFF

TONY BONAPARTE	Pace University
DAN CASPER	Industry
FREDA DIAMOND	Industry
SIDNEY GEWANTER	Pace University
ESTELLE HAMBURGER	Industry
AMICUS MOST	Pace University
PAUL NUMEROF	Pace University
ED VILLIOTTI	Industry

X. SUMMARY SHEET

A. COUNTRIES REPRESENTED

Country	Number of Participants
BANGLADESH	1
BARBADOS	1
BRAZIL	1
EGYPT	4
EL SALVADOR	1
ETHIOPIA	1
GUYANA	1
NEPAL	1
PAKISTAN	1
PANAMA	1
PHILIPPINES	4
TAIWAN	3
TANZANIA	1
13 Countries	21 Participants

X. SUMMARY SHEET (continued)

B. PARTICIPANTS (Name/Affiliation/Country/Product)

1. A.K. ABDUL MOMEN, Private Secretary to Advisor, Ministry of Commerce
BANGLADESH/Jute

2. ERROL HUMPHREY, General Manager, Barbados Chamber of Commerce
BARBADOS/Wooden Furniture

3. OLEV VALENPIN SAUKAS, COSIPA
BRAZIL/Steel Plates

4. ABDEL RAZEK MOHAMED ELGHARIB, Export Manager, High Council for Foreign Trade
EGYPT/Dehydrated Onions

5. AMIN RASHWAN HANAFI, Nile Company for the Export of Agricultural Crops
EGYPT/Fresh Carrots

6. EOSNY AHMED IBRAHIM, Export Manager, High Council for Foreign Trade
EGYPT/Dehydrated Vegetables

7. RAGHEB ZAKI MEHREZ, Managing Director/Exports, Elwadi Export Company
EGYPT/Fresh Onions

8. MAURICIO OÑATE LEER, Exports Promoter, Instituto Salvadoreno de Comercio Exterior EL SALVADOR/Natural Honey

9. MALUMEBET GIRMA WORKU, General Manager, Inter-Trade Advertising Agency
ETHIOPIA/Floor Covering

10. JAIRAM KARAN, Executive Secretary, Guyana Manufacturers Association
GUYANA/Pineapples

11. B. BAJRACHARYA, Director, Natrah International Traders
NEPAL/Herbs

12. MOHAMAD BAGIR KHAN, Manager/Industries, AK Corporation Ltd.
PAKISTAN/Hand-made woolen carpets

13. WALTER DAVIS CORBETT, Marketing Director, Instituto de Mercadeo Agropecuario
PANAMA/Plantains

14. MERCEDES DEL ROSARIO, Group Head/Resource Based Exports, Philippine Export Council PHILIPPINES/Plywood and Veneer Panels

X. SUMMARY SHEET (continued)

B. PARTICIPANTS (Name/Affiliation/Country/Product)

15. LEMUEL F. IGNACIO, Executive Secretary, United Coconut Association of the Philippines Inc. PHILIPPINES/Coconut Oil

16. PRISCILLA OMICTIN, Market Analyst, Bureau of Foreign Trade PHILIPPINES/Furniture

17. ORLANDO SIMBULAN, Trade Documentation Officer, Bureau of Foreign Trade PHILIPPINES/Wooden Toys

18. BILLY CHUNG-BENG CHANG, Chief Economic Analyst, Oriental Chemical Fiber Corp. TAIWAN/Polyester Staple Fibre

19. SUE-HWA LEE, Assistant Specialist, China External Trade Development Council TAIWAN/Medical Syringes

20. MAW-CHOW HSU, Official of Second Department, Board of Foreign Trade TAIWAN/Televisions

21. VICTOR MASSAWE, Shipping Manager, Tanzania Sisal Authority TANZANIA/Sisal Fibre

C. FUNDING

		INCOME
MISSION FUNDED	6	$7,500
SELF FUNDED	6	$7,500
TUITION WAIVER	1	-
PER DIEM GRANT & TUITION WAIVER	8	-
	TOTAL INCOME	$15,000

(Annex D)

THE SRI LANKAN EXPERIENCE - A CASE STUDY

The initiation of the Sri Lankan project was undertaken by the Sri Lankan Ambassador in Washington, Mr. Kanekaratn, who after a number of meetings, reached a positive evaluation of WTI. He thus recommended to his government that WTI would be able to fulfill the desired role, even though specific objectives were unclear at that time. The Sri Lankan counterpart, the Export Promotion Secretariat, was under the directorship of Dr. S. Ratwatte (brother-in-law of the then Prime Minister, Mrs. Bandanaraike.)

It was clear that the Export Secretariat had only one problem to be solved how to market passion fruit juice, which had become a political problem. Why a political problem? The youth organization, by means of a bilateral technical assistance agreement with Yugoslavia, had planted the fruit and had made plans for a hot pack canning establishment. In the blueprint stage, again part of the bilateral agreement, was a freezing plant. Arrangements for sales in the European market bottomed out, and an embarrassing situation developed. Therefore, in the back of their minds, was the aim of producing passion fruit juice for the American market. One might note that throughout this time period an ITC project officer in Sri Lanka was attached to the Export Secretariat.

An on-the-spot decision was made by the director of the Trade Laboratory, Mr. Robert Keller, to reject an assignment to develop a marketing strategy for the export of passion fruit juice. It was his judgement that the total existing United States market was so small that results would have been disappointing. As an immediate alternative, Mr. Keller supplied the names of key U.S. customers (who could use the product) for direct contact by the Sri Lankans to promote sales in the United States. It was also Mr. Keller's judgement that Sri Lanka would not have funds available to promote passion fruit juice in the United States, with the aim of creating demand; even though he judged that a market could be developed.

The Export Secretariat did not have any other priority projects, as identified by the International Trade Center, and Mr. Keller would have returned to New York had it not been for an article appearing in the Sri Lankan newspaper on the following day, October 23, 1975 (copy attached). It should be noted that had Mr. Keller returned to New York without defining a project, he had indeed already given positive assistance in the form of -- problem identification (re: passion fruit juice), analysis of alternatives, factory visitations with first-hand judgements made concerning operations, lecture to Export Secretariat staff on the classical problem of developing countries

vis-a-vis building factories for which no adequate preparation has been made to determine saleability in foreign markets.

The newspaper article announced that the new Minister of Food, Cooperatives and Small Industries, Mr. S.K.K. Suriarachchi, intended to tackle the problem -- storehouses full of unsold handloomed fabrics and a lack of work for the industry. Mr. Keller requested a meeting with the Minister, and through a previous participant of the A.I.D. New York training program, Mrs. Beulah Moonesinghe, a meeting was arranged with Mr. Daya Abeysekera, Marketing Advisor to the Minister. In addition to speaking with Mr. Abeysekera, wherein the problem of the industry was further defined, Mr. Keller met the Chairman of the State Gem Corporation, Mr. Punchiappuhamy.

As a result, Mr. Keller returned to the Director General of the Export Secretariat, Dr. Ratwatte, relaying to him the identification of two projects; that two institutions were interested in working with us under the umbrella of the Export Secretariat. In other words, we identified two institutions whose managements were eager to work with WTI in solving their problems. We then coordinated these efforts with the Export Secretariat who arranged to make payment. We have found this technique far more effective than the usual "reverse process", whereby it is left to the Export Secretariat to "sell" your expertise.

Detailed proposals were made by telex from New York, and funding for both projects was arranged by Sri Lanka through their budget with ITC/Geneva.

1. <u>OVERVIEW OF HANDLOOM INDUSTRY</u>

- Problem identified as one of underutilization due to lack of domestic sales since merchandise undesirable.

- Additionally, structure inadequate as public sector consisted of small cottage industries dispersed throughout the country.

2. <u>PILOT PROJECT RECOMMENDATIONS</u>

- Organizational restructuring in Sri Lanka.

- Design, upgrade, styling, colorations.

- Test marketing in the United States.

- Commercialization if results were positive (separate project)

- <u>Organizational Restructuring</u>

  - To decentralize weaving in various handloom centers.

  - To centralize purchasing and dying of yarn; fabric finishing and inspection.

  - To appoint Marketing Services Ltd. (Governmental domestic marketing agency for small industries) as focal point of program, i.e., to receive orders transmit and supervise orders, coordinate inspection, make delivery, distribute orders directly to weaving centers.

  (The purpose to deal with one unit having the technical expertise to deal with the outside world, instead of dealing with each individual production center).

  - To integrate the technical assistance team, (in Sri Lanka as a result of bilateral technical assistance with India) with Marketing Services Ltd.; in this way design, marketing and production expertise coordinated in one center with ultimate responsibility.

  - Assisted Chairman Abeysekera of Marketing Services in appointing general manager, Mr. S. Ramasamy, to be responsible for the project.

  - Not that we discovered the wheel, but we crystalized and put into effect some of the ideas discussed; all cleared through the Minister of Food, Cooperatives and Small Industries, who gave projects his blessing by presiding over meetings attended by all involved.

- <u>Design upgrade, styling, colorations</u>:

  - Major decision made not to introduce new weaving constructions which would have required total program of training and production redirection.

  - Used familiar weaving construction and (1) widened beams to be acceptable to world market, (2) introduced colorations and designs suitable for world market.

- To have a design team from India interpret this information so as to lend indigenous Sri Lankan signature to handloom industry.

Test Marketing in the United States

- Analysis of Marketing Services ability to coordinate entire process, including documentation and air shipment.

- Analysis of producers' ability to interpret design input.

- Analysis of producers' ability to produce samples to meet specific production requirements within time frame required by New York buyers.

- New York test marketing with participation of S. Ramasamy, Manager, Marketing Services, for two weeks.

- Prior to New York visitation, individual appointments made with previously identified buying organizations from previously identified market segments.

- 46 visitations arranged for Mr. Ramasamy and WTI representative.

- Purpose not only to obtain reaction and sample orders, but to train key Sri Lankan representative in the marketing process.

- As a result of receiving sample orders from 18 companies, Marketing Services decided to continue the program for a second year and to finance it themselves.

Commercialization, Local Market

- We understand that infusion of new styles and colors precipitated an upsurge in domestic sales of handlooms by Marketing Services.

- Project played a major role in stabilization of public sector of handloom industry.

- We would not want to estimate the impact in dollars and cents, however, the significance was such that the Minister of Food, Cooperatives and Small Industries advised us that he was putting on exhibition, in the Parliament, samples of the new fabrics -- a step he would not have taken unless he felt there was significant local impact.

- <u>Commercialization, Export</u>

  - Projected orders for Spring 1978 season totaled 100,000 square yards, with shipments to begin Summer 1977 continuing through Fall 1977, with an average price of $100,000 F.O.B. Sri Lanka.

  - New elections in Spring 1977 brought about a complete change in government and the dissolution of Marketing Services; resulting in the inability to continue the program as structured.

  - Discussions followed in Sri Lanka for private sector continuation of the program; we have not pursued this avenue at present.

Prior to a presentation of representative results, the Evaluation Team believes certain comments are necessary, as follow.

The problem of attribution and measurement of impact of such a program as this is conceptually difficult. Indeed, the conclusion reached by the Team following substantial deliberations on this point is that situations did not exist which could be studied by the Team where adequate reliable data was available and in which the results of increased employment or exports could be attributed principally to the intercession or assistance provided by the AID/WTI program. This problem, as discussed earlier in this report, was handled by relying on data indicating effective demand (i.e., willingness to pay for the services) from clients of the program and, to the extent possible, evidence of resultant changes in export policies, activities, etc.

However, the foregoing is not to be construed as indicating the program's assistance was not essential; indeed, the Team believes that the ability of the AID/WTI program to offer highest quality technical assistance/training services when requested has enabled LDC activities in export development and trade promotion to proceed basically as intended by LDC clients, all other things being equal. While theoretically other firms or institutions might be able to provide similar services, the indisputable fact is that no other organization focuses solely on these areas and maintains on-line ability to respond to requests. Clients of the AID/WTI program, such as the Puerto Cortez Free Trade Zone in Honduras (see below) consider that the services they requested and received were essential to the realization of plans for their particular projects. Such assessments from

users of the services are perceived as a critical and necessary element to many LDC export projects.

A further obstacle for the Team was the limited data, even secondary data, available from projects assisted by the AID/WTI program. In most cases, such figures as were available were projections of certain impacts expected. Also, in most cases activities which received WTI assistance were just getting underway, had been underway only a short time,(*) were experiencing problems of a different nature causing delays, or had not been implemented because of government inaction or changes in governments or key ministry officials. Thus, in most cases, information/data on impacts of the program rely on projections.

The above notwithstanding, the Evaluation Team believes that the illustrative examples of program results below confirm that there are substantial impacts produced or facilitated by the program (see Annex B for greater details on each).

A. Honduras The AID/WTI program's assistance was a critical element to the expansion of production for export of a fruit and vegetable processing operation (Mejores Alimentos) which relied upon raw material from company owned lands as well as from small farmer production (the ratio between these was expected to roughly 70/30). According to the WTI, overall employment

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(*) This situation is not to be unexpected since the program's "Trade Laboratory" assistance, e.g., only began to reach substantial numbers of clients in 1976 and 1977. See Section III, 1, b above.

in the plant itself would rise by 50 people(*) as a result of increased production of 1,000 tons of processed vegetable (tomatoes, tomato past). No figures were available for indirect employment effects. WTI calculations indicated gross foreign exchange earnings of $500,000 would result from such export production, most of which would translate to net earnings as foreign exchange expenditures invovled were limited to items such as tin plate and machinery parts and the technical assistance. The AID/WTI program's assistance was essentially one of technology transfer through advice on the institution of quality control systems, production process improvements, formulations and recipes for new products, on-the-job training for factory management and in-coutnry training for factory marketing and production staff.

Also in Honduras, the program's assistance to a fresh fruit and vegetable export operation, depending on small farmer producers for raw material, was instrumental in successful export sales to the U.S. market. The program assisted Honduras in the formation of an administrative and sales organization for its export products and of a quality control and shipping system. In addition, management of the operation received marketing training and assistance in New York. The program also produced for the Ministry of Economy an export potential analysis of the contract clothing industry and its implications for Honduras clothing manufacturers in developing a North American export strategy.

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*Seasonal employees

Again in Honduras, assistance provided by the program to the Puerto Cortez Free Trade Zone has been instrumental in the successful initiation of operations. With eventual capacity for 40 manufacturing/assembly operations, one firm had already instituted operations following inauguration of the Zone less than two months prior to the visit by the Evaluators. Already 100 persons, almost totally women, were working, with expansion of operations to plant capacity of 250 planned by the end of the year. The wages paid were around $.32/hour, well above the minimum wage of $.25/hour. All employment is incremental, since no operations existed before. Projections for employment creation when the Zone is fully occupied are 10,000 such jobs, producing around $8,000,000 in additional income (in the form of foreign exchange). Indirect, or multiplier effects, suggest a $25 million impact on the area. The AID/WTI program assisted in restructuring the managerial organization for the Zone as well as in the development of a services infrastructure, including customs, inventory control, rate formulation, a rental system, and investment promotion. Customs officials, Honduran Port Authority and Free Zone management all received extensive training from the program both in New York and Puerto Cortez.

Finally, also in Honduras, the program developed and installed an on-going market information system on world-wide, but particularly U.S., banana demand and supply factors for the government Banana Corporation, COHBANA.

B. Sri Lanka The AID/WTI program's assistance to the handcrafted, fine jewelry sector increased employment of 30 existing goldsmiths through training and organization, with projections for a doubling in goldsmith employment for the following year. The program provided marketing assistance, product-design guidance, and assistance in the intitiation of jewelry casting processes. Training was provided both in New York and Colombo for sales management personnel and the product designe

Also in Sri Lanka, the program's assistance to plans for increasing the output and sales of the handloom textile industry demonstrated substantial potential impact on employment and foreign exchange generation if the new Government of Sri Lanka implements its plans for organization and support of the sector. With estimates of 100,000 to 150,000 individuals currently employed, benefits could be substantial. The AID/WTI program provided recommendations and guidance for a system of centralized inspection, packing and marketing of handloomed fabrics and technical advice in areas of fabric restyling, design upgrading, central yarn-dying processing and institutional quality control. Management training in both sales and export procedures was also provided by the program, both in New York and in Sri Lanka.

A more detailed description of the AID/WTI program's involvement in assistance to Sri Lanka is provided in a description of that involvement prepared by program personnel and contained in Annex D.

C. Morocco The program provided in-country seminars and factory workshops for manufacturers in the textile, clothing, canned foods and fresh produce areas. Assistance involved export potential analyses for products in these areas, the development of strategic marketing plans and sales representation in target markets, among other items.

D. Tunisia. The program provided assistance in the areas of export potential analyses and test marketing for products of shoes, rugs/carpets, wines, briar pipes and olive oil.

E. Thailand The program provided an export potential analysis of three processed food products for the Hill Tribe Canning project.

F. Panama The program designed and assisted in the implementing of an on-going marketing and information system for bananas for the National Banana Office.

(No data is available on either actual results or estimated projections for program activities in Morocco, Tunisia, Thailand and Panama).

In the area of training, Table I provided a complete listing of numbers of New York-based and in-country training programs, as well as numbers or participants. Specific countries where in-country training programs were held are Afghanistan Mexico, Chile, Argentina, and Jamaica. See relevant sections of Annex B for specific comments by participants on some of these courses, and usefulness of training received by them.