

AGENCY FOR INTERNATIONAL DEVELOPMENT
ROCAP



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August 30, 1988

FEDEPRICAP
Apartado 539-1002
San Jose
COSTA RICA

SUBJECT: Grant No. 596-0000-G-00-8632-00

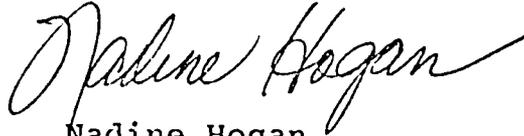
Gentlemen:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter known as AID or ROCAP) hereby grants to the Federation of Private Sector Entities in Central America and Panama (hereinafter known as Grantee or FEDEPRICAP) the sum of one hundred thirty one thousand eight hundred sixty four United States Dollars (\$131,864.00) to assist FEDEPRICAP strengthen its capacity to assist the Private Sector in Central America as more fully described in Attachment No 1 entitled "Schedule" and Attachment No. 2 entitled "Program Description". Subject to availability of funds AID intends to increase the value of this Grant to one hundred forty seven thousand one hundred and five United States dollars (\$147,105.00).

This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the recipient in furtherance of program objectives during the period beginning October 1, 1988 and ending December 31, 1988. This Grant is made to FEDEPRICAP on the condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1 entitled the "Schedule", Attachment 2 entitled "Program Description", Attachment 3, entitled "Standard Provisions" which have been agreed to by your organization.

Please sign the original and five (5) copies of the letter to acknowledge your receipt of this Grant and return the original and four (4) copies to the USAID/Guatemala, Attention Regional Contracts Office.

Sincerely,



Nadine Hogan
Regional Director

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions for Non-US., Nongovernmental Grantees

ACKNOWLEDGED:

By: 

Carlos Manuel Echeverría

Title: Executive Director

Date: AUG 30 1988

Appropriation No.:	72-1181021
Budget Plan Code:	LDSA-88-25596-KG13/LDNA-88-25596-KG13
PIO/T No.:	596-0000.6-3-80068/ 596-0000.3-3-80069
Project No.:	596-0000.6/.3
Total Estimated Amount:	\$147,105
Total Obligated Amount:	\$131,864

SCHEDULE

A. Purpose of Grant

The purpose of this Grant with FEDEPRICAP is to assist FEDEPRICAP strengthen its capacity to assist the Private Sector in Central America.

B. Period of Grant

The effective date of this Grant is October 1, 1988. The expiration date is December 31, 1988.

C. Amount of Agreement and Payment

1. The total estimated amount of this Grant for the period shown in B above is US\$147,105. The obligated amount is \$131,864. Additional funds up to the total amount of the Grant may be obligated by ROCAP subject to the availability of funds and to the requirements of the Standard Provision of the Grant entitled "Revision of Financial Plans".

2. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3, Optional Standard Provision No. 1 entitled Payment - Periodic Advance.

D. Financial Plan

Revisions to this Plan shall be made in accordance with the Standard Provisions.

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FEDEPRICAP BRIDGE GRANT BUDGET
ROCAP

<u>ROCAP</u>	<u>ROCAP</u> <u>Total Funding</u>	<u>FEDEPRICAP</u> <u>Contribution</u>
<u>I. Operating and Organizational Expenses</u>		
1. <u>Personnel Expenses</u>		
Salaries/Fringe/Overtime	\$12,000	\$ 9,000
<u>II. Organization Expenses</u>		
2. Equipment	\$ 1,500	\$ 1,000
<u>III. Operating Expenses</u>		
1. Rent/Utilities/Maintenance	\$ 2,550	\$ 1,200
2. Communications	\$ 2,000	\$ 2,000
3. Publicity & Promotion	\$ 1,200	\$ 2,000
4. Travel & Per Diem	\$ 4,000	\$ 2,000
5. Accounting & Auditing	\$ 750	\$ 500
	\$10,500	\$ 7,700
Sub-Total Support Costs	\$24,000	\$17,700
<u>IV. Program Costs</u>		
1. Transportation	\$68,105	
2. GSP Follow-up	\$ 3,000	
3. Political Analysis	\$ 6,000	\$ 2,000
4. Trading Company	\$ 2,000	
5. Biotechnology Seminar	\$20,000	\$ 3,000
6. Integration and Cooperation	\$ 3,000	
7. Technical Committee Support	\$ 7,000	\$ 1,300
8. Conflict Resolution	\$ 3,000	
9. Miami Conference	\$ 2,000	
10. GATT Seminar	\$ 3,000	\$ 1,000
11. Debt/Equity follow-up	\$ 6,000	
Sub-Total	\$123,105	\$ 7,300
Total Project Cost	\$147,105	\$25,000
	=====	=====

c. The Budget presented above is illustrative in nature, and the Grantee can adjust individual budget lines, with the exception of salary, by a factor not to exceed 10%. Any adjustment exceeding 10% or any increase in the total budget amount or for the duration of the Grant will require the prior written approval of the Contracting Officer.

E. Authorized Geographic Code

The Authorized Geographic Code for procurement of goods and services shall be in accordance with Optional Standard Provision No. 5.

F. ROCAP and FEDEPRICAP agree that A.I.D. funds provided pursuant to this agreement shall not be committed, disbursed or otherwise utilized in areas where the provision of such funds would contravene any provision of the Foreign Assistance Act of 1961, as amended. ROCAP shall advise FEDEPRICAP in writing from time to time of such areas.

G. Contracting Officer's Technical Representative

1. The Contracting Officer's technical representative for the performance of this Grant is the Director, ROCAP/Guatemala, or his designee. This individual shall have the following authority:

- a) Certification of work performed on all vouchers submitted
- b) Necessary clarifications of, or minor, non-cost-related adjustments to, the program descriptions in Attachment II.
- c) Approval of all reports, plans, timetables or other such technical submissions required under the Program Description.

2. The Grantee must receive prior written authorization for short term technical assistance personnel, and their international travel from the Contracting Officer's Technical Representative (COTR). Grantee may submit to the COTR an estimated schedule on a quarterly basis. Any subsequent adjustments to the timing of this technical assistance, or minor adjustments to the length of any particular assignment, shall require the approval of the COTR.

3. Salaries or compensation of short and long-term Specialists require prior written approval by the Regional Grant Officer.

_____ End of Schedule _____

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PROGRAM DESCRIPTIONA. Project Summary

This document outlines a proposed follow-on Grant to the Federation of Private Sector Entities in Central America and Panama (FEDEPRICAP) for a period of three months. This grant will cover a series of new FEDEPRICAP endeavors distinct from and substantially different than those of current Grant which will end on September 30, 1988. (Grant No. 596-0000-G-SS-7367-00). However, some of the work will build on the findings and insights gained under their current grant.

This proposed new activity will provide assistance to FEDEPRICAP to strengthen its capacity to assist the Private Sector in Central America. This will involve a series of activities in the areas of transportation, policy formulation, training and intra and interregional trade.

B. Background

The need for a regional private sector umbrella association was recognized by the business community ten years ago when it established the Federación de Entidades Privadas de Centroamérica (FEDEPRICA), the precursor organization to FEDEPRICAP. For a variety of reasons, FEDEPRICA was unable to carry out its programs. As world economic conditions continued to deteriorate, however, the Central American private sector moved to reactivate cooperative efforts by expanding FEDEPRICAP's membership to include Panama and in 1986 created, with the assistance of ROCAP, FEDEPRICAP. In contradistinction to its predecessor organization, FEDEPRICAP has been aggressively working to develop a strategic plan of action and has already organized and successfully carried out several activities promoting private sector development.

In the short period of time since the current Grant has been in effect (September, 1987), FEDEPRICAP has already demonstrated its competence and seriousness of purpose in implementing the agreement. The staffing, organizing and physical equipping of the organization, which account for nearly half the grant, have already been substantially implemented. The board is fully functioning under ratified bylaws, and meetings and information dissemination appear to be carried out with model regularity.

The executive director has moved with great expeditiousness to consolidate working relationships both with the affiliate entities and with regional and extra-regional institutions.

In the areas of transportation strategy development, small enterprise forums, policy recommendation studies, CBI-related studies, and trade policy development, FEDEPRICAP has been able to catalyze or support research and seminar activity being pursued at the national affiliate level without taxing the FEDEPRICAP budget beyond its core administrative staff and travel expenses.

Currently, there exists a series of immediate problems which should be addressed by FEDEPRICAP. First, transportation costs, lack of cooperation among shippers and between shippers and users, and operating inefficiencies continue to constitute a major, serious barrier to regional growth, particularly with respect to exports. Second, capital formation and access, as well as debt management, remain severe obstacles to development and expansion of the private sector. Third, while many countries have taken initial steps to reduce protectionist policies and tariffs, much more needs to be accomplished in order to stimulate greater trade and consequent expansion of production on a regional basis. These issues are of a regional nature and can only be resolved by agreements among the Isthmus nations. This means that a regionally constituted organization is the most appropriate and effective vehicle to achieve these ends.

This grant will fund a series of ad hoc studies and conferences directed at specific aspects of the above mentioned development constraints. At the same time, ROCAP and FEDEPRICAP are developing a comprehensive Project which will allow FEDEPRICAP to address these problems in a systematic long term effort. The proposed grant will facilitate this and in many ways support the project design process.

C. Program Description

Project activities will be carried out over the next three months. Some of them, such as the strategic planning process, are essential to the uninterrupted institutional development and strengthening of FEDEPRICAP. Timely completion of others, like the GSP and GATT studies, are important efforts to build regional private sector consensus on critical issues for the Isthmus countries.

1. Transportation Research and Coordination

This program represents FEDEPRICAP's efforts to improve relationships between the private and public sectors in order to create greater efficiencies for producers and exporters in the transportation of goods, particularly non-traditional exports. Specific activities include:

- o implementation of FEDEPRICAP's recently completed strategic Transportation plan;
- o monitoring enforcement of present transportation policies and analysis of proposed changes;
- o regional training activities related to port administration and truck company management; and
- o development of strategies to improve transportation systems

Transportation continues to be a major issue in the region and requires concerted efforts on the part of FEDEPRICAP to work with its member associations to bring about more rational policies and relationships between and among the countries of the region.

Inputs: ROCAP will provide \$68,100 for this component. \$13,000 is allocated for consulting services, travel and per diem \$53,100 will be for training activities and \$2,000 will be used to cover support costs.

2. GSP Study Follow-Up

FEDEPRICAP will work with a consulting firm to conduct a study of Asian (i.e., Taiwan, Hong Kong, South Korea and Singapore) investment patterns in Central America. This study will be followed by a companion effort in Asia, funded by AID/W, to determine possible future Asian investment decisions and what they mean in terms of developing regional investment promotion strategies.

Inputs: ROCAP will provide \$3,000 for this component.

3. Political Analysis

In order for the private sector to be able to formulate effective development strategies, it is critical that the FEDEPRICAP membership be able to understand the constantly changing political environment, both at the various national levels as well as regionally, especially the implications for private sector development. FEDEPRICAP has already received a proposal from INCAE to conduct relevant research and analyses. Findings will be presented at a series of seminar-workshops. The analyses will be used in part to inform FEDEPRICAP's strategic planning process.

Inputs: ROCAP will provide \$5,000 for consulting services, travel and per diem, seminar costs, and \$1,000 for support costs.

4. Trading Company Analysis

This project would develop a design for the establishment of a regional trading company. The trading company would be created primarily for the export of non-traditional perishable products and the import of necessary agricultural inputs. Funds for this project would be used to increase the support for an outside expert who will be arriving in August to provide the necessary Technical Assistance.

Inputs: This component will consist of \$2,000 in research costs related to establishing the feasibility of creating and establishing a trading company.

5. Biotechnology Seminar

In order to maintain state-of-the-art knowledge for the regional private sector, FEDEPRICAP is proposing to conduct a seminar in biotechnology. This would represent part of FEDEPRICAP's efforts to promote a greater awareness among its members of the need to use current techniques and knowledge in development of its products. The seminar will be co-sponsored by IICA, Chemonics and FHIA.

Inputs: ROCAP's contribution to this component will include \$8,000 for conference costs, \$10,005 in travel and per diem for participants, and \$2,000 in support costs.

6. Workshop on Integration and Cooperation

With partial support of UNDP, FEDEPRICAP will prepare a detailed report on regional integration and cooperation to serve as the base for discussion among the private sector, key government officials, and representatives from multi- and bi-lateral agencies in the region in order to develop strategies to achieve regional economic integration.

Inputs: This component will allocate \$3,000 for conference costs.

7. Technical Support

FEDEPRICAP requires funds in order to provide necessary logistical support to both the institution's Higher Council and Technical Committee. Support would include logistics for periodic regional meetings, travel and per diem, and necessary follow-up. In addition, funds for this component will be allocated to provide technical assistance to coordinate the development of a strategic plan and planning process for FEDEPRICAP.

Inputs: ROCAP's contribution to this component is \$7,000.

8. Conflict Resolution

Develop a conflict resolution project to create ways in which the private sector can improve its negotiating skills and learn to resolve conflicts effectively among productive sectors. The project will also work with FEDEPRICAP Members to train them to negotiate successfully with national governments in the region. Initially, particular emphasis will be placed on negotiating in the transportation sector which constitutes one of the major barriers to more efficient commercial and economic development.

Inputs: This component will include \$3,000 for training and research activities.

9. Miami Conference - C/CAA

Funds will be required for preparation of promotional materials, displays and travel and per diem for selected FEDEPRICAP board members and staff. The Miami-C/CAA conference is a critical annual event for promoting non-traditional exports from Central America, as well as foreign (i.e., U.S.) investment to the region.

Inputs: ROCAP will provide \$2,000 to fund Central American participants at the conference.

10. GATT Seminar

Entry into GATT is essential for economic and commercial growth of the region. FEDEPRICAP will continue to work with its members in both educating them as to the benefits of GATT as well as formulating ways in which the Central American countries can achieve a coordinated effort in seeking GATT membership. As part of this effort, FEDEPRICAP will host a two day seminar to provide FEDEPRICAP members with a detailed explanation of the impact of GATT on the Central American economy, both regionally and nationally.

Inputs: This component will include \$3,000 for costs related to the seminar.

11. Debt/Equity follow-up

Following a very successful regional conference on debt management techniques, FEDEPRICAP is proposing to carry out a series of follow-on seminars in each country in Central America. These seminars will bring together members of both the private sector and Government in an effort to explore appropriate mechanisms for reducing the amount of external debt in the region.

Inputs: Funding for this component will include \$6,000 for seminar costs.

D. Project Implementation

Within 30 days of Grant approval, FEDEPRICAP will submit for ROCAP review, a general three month implementation plan of proposed activities and expenditures. Once this plan has been submitted to ROCAP, FEDEPRICAP may request an advance of funds for the three month life of Grant funding.

FEDEPRICAP will implement and monitor the performance under this Grant to ensure that the work is progressing as planned and that targets are being met.

E. Procurement

FEDEPRICAP will follow Optional Standard Provision No. 5 for the procurement of goods and services.

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