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AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

18 MAR. 1985

Mr. Mario Sulit
Director of Operations
International Executive Service Corps
San Salvador

Subject: Grant No. 519-0302-A-00-5205-

Dear Mr. Sulit:

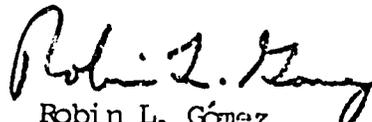
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D.") hereby enters into a Cooperative Agreement with the International Executive Service Corps (hereby referred to as IESC/El Salvador or "Recipient"), for the sum of \$500,000 to establish a Technical Assistance Sub-Project Fund and to provide support for the local operating expenses related to IESC provision of technical assistance to private sector enterprises and organizations.

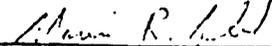
This Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning February 1, 1985 and ending January 31, 1988.

This Agreement is made with IESC/El Salvador on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled the Schedule, Attachment 2, entitled Project Description, and Attachment 3, entitled Standard Provisions, which have been agreed to by your organization.

Please sign the original and three (3) copies of this letter to acknowledge your agreement with the terms set forth herein and receipt of the Agreement, and return the original and two (2) copies to USAID/El Salvador.

Sincerely yours,


Robin L. Gómez
Director

Accepted by: 
Mario Sulit
Director of Operations
IESC/El Salvador

FISCAL DATA

Appropriation: 74-114/51021.6

Budget Plan Code: LDA485-25519-DG13

Funding Source: A.I.D. Project 519-0302

Total Obligated Amount: \$500,000

Employer Identification Number: 13-2503656

Attachment 1

1. Schedule

A. Purpose of Grant

The purpose of this Agreement is to provide technical assistance to private sector enterprises and organizations, in support of the Caribbean Basin Initiative and A.I.D. funded private sector support programs in El Salvador, and to assist in the economic reactivation of El Salvador.

B. Period of Grant

1. The effective date of this Agreement is the date of the letter. The expiration date of this Agreement is January 31, 1988.

2. Funds obligated hereunder are available for program expenditures for the estimated period from February 1, 1985 to January 31, 1988, as shown in the Illustrative Financial Plan below.

C. Amount of Grant and Payments

1. The total estimated amount of this Agreement for the period shown in B.2 above is \$500,000.

2. A.I.D. hereby obligates the amount of \$500,000 for program expenditures for the 3 year life of the program as shown in the first column, entitled "Obligated Amount" in the Illustrative Financial Plan below.

3. Payment shall be made to the Recipient in accordance with the procedures set forth in Standard Provision No. 10, entitled Letter of Credit (LOC) of Attachment 3, Standard Provisions for U.S. Agreementees and U.S. Sub-Agreementees.

D. Financial Plan

1. The Financial Plan for the Agreement and IESC Technical Assistance Program in El Salvador is presented below. Reprogramming of funds between line items of the Financial Plan will be permitted up to 15% of the programmed amounts without modifying the Financial Plan. Any reprogramming which exceeds 15% will require a written request from IESC/El Salvador to A.I.D. and A.I.D. approval of that request.

Illustrative Financial Plan

In US \$

<u>Line Item</u>	<u>USAID/IESC Obligated Amount</u>	<u>Round Table</u>			<u>Total</u>
		<u>Subsid. Client Contrib.</u>	<u>AID/W Core b/ Grant</u>	<u>Fully Pay. Client b/ Contrib.</u>	
Local Personnel Costs	87,250	0.-	0.-	0.-	87,250
Office Rent and Maintenance	17,500	0.-	0.-	0.-	17,500
Utilities (electricity and water) and services	6,000	0.-	0.-	0.-	6,000
Office Equipment Purchase					
Rental and Maintenance	7,750	0.-	0.-	0.-	7,750
Telephone and Telex	21,000	0.-	0.-	0.-	21,000
Printing and Photocopy	8,750	0.-	0.-	0.-	8,750
Supplies	8,250	0.-	0.-	0.-	8,250
Meetings and Conferences	6,000	0.-	0.-	0.-	6,000
Legal and audit expenses	3,750	0.-	0.-	0.-	3,750
Miscellaneous office expenses	3,750	0.-	0.-	0.-	3,750
Sub-total local operating expenses a/	170,000	0.-	0.-	0.-	170,000
Directors Salary and related expenses	0.-	0.-	150,000	0.-	150,000
Vehicle	15,000	0.-	0.-	0.-	15,000
Technical assistance	315,000	285,000	0.-	720,000	1,320,000
Totals	500,000	285,000	150,000	720,000	1,655,000

a/ All local operating expenses are colon costs subject to Standard Provision No. 17 of the Standard Provisions contained in Attachment 3.

b/ The primary beneficiaries of A.I.D. assistance will be Micro, Small, and Medium and export oriented enterprises. The AID/W Core Grant column and Fully-Paying Clients Contribution column are presented for informational purposes to reflect the entire IESC program in El Salvador.

2. Technical Assistance Costs.

The Technical Assistance line item in the Financial Plan is based on the standard IESC charge of the equivalent of \$12,000 per technical assistance sub-project. This amount is collected from clients in local currency and includes:

- Travel, executive and spouse	\$ 1,600
- Per diem \$100 per day for 3 months (two persons)	9,000
- Recruitment costs	<u>1,400</u>
- Total	\$12,000

The technical assistance line item, totalling \$1,320,000 is based on 110 Sub-Projects (60 fully paying and 50 subsidized) at a cost of \$12,000 each. The Grant will fund \$315,000 of the total TA cost of 50 subsidized Sub-Projects.

3. Local and Dollar Costs of this Grant.

Local currency costs of the Agreement consist of the equivalent of \$170,000 in local operating expenses, as shown in column 1 of the Financial Plan. Dollar costs of the Grant are estimated at \$330,000 as shown in column 1, and consist of \$15,000 for one vehicle, and \$315,000 of the technical assistance costs. The \$315,000 in technical assistance is estimated to be expended as follows: \$80,000 (\$1,600 x 50 executives) to purchase airfare in the U.S.; \$70,000 (\$1,400 x 50 executives) for recruitment costs paid in the U.S.; \$21,250 (\$425 x 50 executives) for enroute travel expenses reimbursed in the U.S.; and the remainder, \$143,750 (\$2,875 x 50 executives) for per-diem expenses for the 50 retired executives. IESC is permitted by GOES decree to convert local currency to dollars by the Central Reserve Bank. However IESC has encountered difficulties in making this conversion due to low priority given to IESC exchange requests. To assist IESC in obtaining dollars per-diems to advisors (all U.S. citizens) will be made in dollars.

4. Exchange Rate.

The exchange rate to be utilized by the Recipient in converting dollars from this Grant to local currency shall be the highest rate which is not unlawful, known in El Salvador as the "parallel rate". As stipulated in Standard Provision No. 22, Conversion of United States Dollars to Local Currency, the IESC Country Director shall consult with the USAID Director who shall provide, in writing, the procedures the Recipient and its employees shall follow in the conversion of United States dollars to local currency.

E. A.I.D. Involvement

USAID/El Salvador will participate in the activities under this Agreement in the following manner:

1. USAID will approve IESC technical assistance Sub-Projects funded under the Technical Assistance Sub-Project Fund of the Project, which are exceptions to the Criteria for A.I.D. funded Technical Assistance Sub-Projects, presented in Attachment 2, the Program Description.

2. USAID will monitor project implementation to assure that the terms and conditions of this Agreement are met. Project monitoring will be exercised principally by a Project Manager assigned from USAID's Private Enterprise Office.
3. USAID will actively participate in annual reviews of activities financed under this Agreement, based on annual reports to be submitted by IESC.
4. USAID will participate in an evaluation to be conducted during the end of the second year of the Project.

F. Reporting and Evaluation

1. Financial Status Reports. The financial reporting requirements are detailed in Standard Provision No. 10, Letter of Credit, of the attached Standard Provisions. In accordance with this provision, the financial reports entitled "Financial Status Report," SF-269, and "Federal Cash Transactions Report," SF-272, shall be submitted to A.I.D. on a quarterly basis.
2. Monthly Lists of Technical Assistance Sub-Projects. On a monthly basis, the Recipient shall submit, to USAID's Private Enterprise Office, a list of technical assistance Sub-Projects proposed, approved by IESC headquarters, underway, and completed. The list will be used to monitor project implementation as described in D.2 above.
3. Workplans, Reports and Reviews. For all technical assistance funded by the Project, the Recipient shall submit to USAID's Private Enterprise Office, the standard Project Workplan, Report by Volunteer Executive of Assistance Rendered, and review by Country Director. These documents, further described in Attachment 2, Program Description, will be treated as confidential by USAID.
4. Program Progress Reports. The Recipient shall monitor performance under the Agreement and ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. Based upon this monitoring, the Recipient shall submit annual technical performance reports to USAID that present the following information for each activity under the Agreement:
 - a. A complete list of technical assistance Sub-Projects approved, underway, and completed. This list should include, whether on an estimated or actual basis, begin dates, completion dates, and duration of technical assistance;

- b. Reasons why established goals, in terms of number and types of technical assistance Sub-Projects carried out, were not met;
- c. An analysis of the extent to which technical assistance rendered meets the objectives established in Attachment 2, Program Description, and how it relates to A.I.D.'s private sector strategy in El Salvador;
- d. Adequacy of remaining funds to reach goals; and
- e. Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

The Recipient shall submit the annual technical performance reports to USAID's Private Enterprise Office. If any performance review conducted by IESC discloses the need for change in the budget estimates, in accordance with the criteria established in Standard Provision No. 9 entitled "Revision of Financial Plans", of Attachment 3, Standard Provisions, IESC shall submit a request for budget revision.

5. Project Evaluation. During the end of the second year of the Project, an evaluation of the Grant program will be undertaken, the elements of which will be mutually agreed to by A.I.D. and IESC/El Salvador. IESC will cooperate to the fullest extent possible in conducting this evaluation.

G. Special Provisions

1. Prior to any disbursement of funds or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Recipient will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- a. A statement of the name of the person empowered in IESC, whether in IESC/El Salvador or IESC Headquarters in Stamford, Ct., to receive the funds provided under this Agreement and of any additional representatives, together with a specimen signature of each person so designated;
- b. Evidence that the IESC office in El Salvador has established a bank account in El Salvador to control the receipt and disbursement of the grant funds, including the complete account number and name.

2. IESC covenants to pay no more than reasonable prices for any goods and services financed in whole or in part under this Agreement. Such items will be procured by employing fair and good commercial practices to assure the most effective use of the funds provided.

3. IESC covenants to comply with the Criteria for A.I.D. - Funded Technical Assistance Sub-Projects as established in Attachment 2, Program Description to this Agreement, unless A.I.D. otherwise agrees in writing.

H. Title to Property

IESC/El Salvador will have title to all goods purchased under the Grant. Conditions governing title to property financed under the Grant are as set forth in Standard Provision No. 19 "Title to and Use of Property" (Recipient Title).

I. Authorized Geographic Code

The authorized geographic code for procurement of goods and services under this Agreement is code 000, the United States, or in member countries of the Central American Common Market except as "A.I.D" may otherwise agree in writing.

J. Overhead

There shall be no overhead under the Grant.

K. Non-Applicable Standard Provisions

The following provisions of the Standard Provisions are not applicable to this Agreement:

2. Allowable Costs and Contributions (Educational Institutions)
6. Negotiated Overhead Rates - Predetermined
7. Negotiated Overhead Rates - Nonprofit Organizations - Other than Educational Institutions.
8. Negotiated Overhead Rates - Educational Institutions
11. Payment - Periodic Advance
12. Payment - Reimbursement
15. Procurement of Goods and Services under \$250,000
18. Government Furnished Excess Personal Property
20. Title to and Care of Property (U.S. Government Title)
21. Title to and Care of Property (Cooperating Country Title)
24. Voluntary Participation
25. Prohibition on Abortion Related Activities
26. Voluntary Participation Requirements for Sterilization Programs

PROGRAM DESCRIPTION

I. Title: IESC Technical Assistance to Businesses (TABS), Project No. 519-0302

II. Program Objectives

With AID assistance through the Technical Assistance Sub-Project Fund, IESC will provide technical assistance mostly to small and medium-sized firms, with some coverage of micro-enterprises if grouped together. As in the past, IESC will continue to provide assistance to 100%-paying firms. The objectives of the IESC technical assistance include:

- Employment generation
- Increased export capability
- Selective import substitution
- Expansion of the enterprise
- Continuation of operations, i.e. helping firms to stay in business.

III. Project Activities

A. Description

The Project will address two areas: 1) a subsidy fund to help pay recruitment, travel and per diem costs for volunteer executives, on behalf of enterprises unable to pay all of the counterpart contribution; and 2) IESC local operating costs of carrying out the technical assistance described below.

1. Technical Assistance Sub-Project Fund. Under the subsidy fund, IESC will assist in the economic reactivation of El Salvador by offering the technical expertise of retired executives or technicians on a one-on-one basis to Salvadoran private sector enterprises to help achieve increased productivity, cost savings, improved management and/or the creation of new job opportunities. IESC's system of technical assistance and training will seek to achieve transference of skills by carrying out a workplan mutually agreed upon between the retired executive and the client.

Target areas of such technical assistance would be small and medium sized firms. Over the three year life of project, the subsidy fund will generate approximately 50 projects per year in addition to 60 projects for clients who pay 100% of the IESC fee. Therefore, with A.I.D. assistance, IESC will be providing technical assistance to approximately 110 enterprises.

The subsidy will cover up to 75% of the \$12,000 fee (i.e. up to \$9,000) based on the criteria outlined below.

2. Support for Local Operating Costs. To help IESC achieve the level of Technical Assistance Sub-Projects described above, the IESC/El Salvador Office will be expanded. It is contemplated that the following personnel will be hired: one assistant director, two secretaries, one office boy/messenger, one driver, and one part-time accountant. The composition of the personnel may vary, subject to prior approval by USAID. Other office costs are reflected in the line items of D. Financial Plan of Attachment 1, The Schedule.

B. Criteria for Technical Assistance Sub-Projects Funded under the Project

Unless A.I.D. agrees otherwise in writing, all technical assistance Sub-Projects funded under the Project must conform to the Criteria presented below, which describe types of technical assistance to be funded under the Project and subsidy levels to be applied. The criteria do not apply to fully-paying (100%) clients of IESC.

1. Objectives Technical Assistance Sub-Projects must be judged able to further one or more of the following objectives:

- Employment generation
- Increased export capability
- Selective import substitution
- Expansion of the enterprise
- Continuation of operations, i.e. helping firms to stay in business

2. Size. Technical Assistance will be provided to Micro, Small and Medium private enterprises, as defined as follows:

- Micro: Up to ₡100,000 in total assets.
- Small: From ₡100,000 to ₡1,000,000 in total assets.
- Medium: From ₡1,000,000 to ₡2,000,000 in total assets.

3. Ranges for Subsidies. The level of the subsidy for Technical Assistance will be consistent with the firm size requirement presented above, with the exception of technical assistance for increasing export capability which can be directed at any size firm. The IESC Country Director will use his discretion to fix the subsidy within these ranges:

- Micro: 65% to 75% (\$7,800 to \$9,000)
- Small: 50% to 75% (\$6,000 to \$9,000)
- Medium: 25% to 50% (\$3,000 to \$6,000)
- Increased Export Capability: 50% to 75% (\$6,000 to \$9,000)

C. Sub-Project Monitoring.

IESC will apply its standard procedures for monitoring, evaluation and follow-up of projects. The monitoring, evaluation and follow-up processes include: 1) execution of a detailed Project Workplan, signed by the client organization, the IESC volunteer executive and the IESC country director; 2) once the work is performed, a written report by the volunteer executive of the assistance rendered; and 3) approximately a year after the technical assistance is rendered, a review is conducted by the country director. The review, based on a written format, includes questions on changes in production, profits, sales, employment, and other appropriate indicators.

International Service Executive Service
Proposal for A. I. D. Support

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PROJECT TITLE: IESC GRANT EL SALVADOR

TOTAL OPG REQUEST: US\$500,000.00

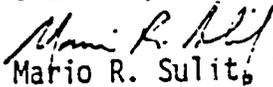
PROJECT LOCATION: EL SALVADOR

PVO NAME AND LOCATION: International Executive Service Corps
Condominio Torremolinos Apt. 11, Piso 2do.
79 Av. Norte y 3a. Calle Pte., Colonia Escalón
San Salvador, El Salvador - Centro América

CENTRAL HEADQUARTERS: International Executive Service Corps
8 Stamford Forum
P. O. Box 10005

Stamford, CT 06904-2005

CONTACT PERSON:


Mario R. Sulit, Director of Operations - El Salvador

DATE OF SUBMISSION TO AID: November 21, 1984.-

A] PROJECT PURPOSE AND DESCRIPTION:

IESC is a not for profit organization run by businessmen. It helps locally owned private enterprises, government entities, educational, health care and other organizations of almost every kind in developing countries to increase their productivity, upgrade their management skills and improve their basic technologies.

In El Salvador because of conditions caused by an insurgent movement over the past 5 years, the economy of this country has been constrained by lack of credit, lack of foreign exchange, lack of trained personnel and inadequate policy development.

These constraints have affected all business activity in the country.

IESC's objective is to assist in the economic re-activation of El Salvador by providing technical assistance through our retired volunteer executives.

Major target areas will be agro-industry and small to medium size firms. From April, 1984 to the end of October, thirty (30) projects have been submitted and approved. Three (3) projects have been already successfully completed; there are presently three (3) volunteers on station and four (4) more volunteers executives are expected in country on project assignments before December 31. Confirmations so far, for volunteers to come on station in 1985 are three (3) in January and one (1) in February (project lists attached).

We expect to assist the private sector of El Salvador not only with the specific problems based on the project agreements but also help prepare them to increase utilization of their present capacity, expand production and most of all create employment.

B] PROJECT BACKGROUND:

IESC started operations in El Salvador in 1965 and until 1978 when operations were suspended, 256 projects were successfully completed. Assistance to the private sector was given in all areas of business activity. Due to the effectivity of IESC assistance during this period and because of its positive contribution to the private sector, the return of IESC to El Salvador in April, 1984 was met with great enthusiasm and desire for IESC services by Salvadoran businessmen. However, due to the constraints on the Salvadoran economy as described previously, many firms, especially in the small to medium range and even larger companies have found it difficult to meet IESC client contribution requirements. It is essential, therefore that financial assistance be given to Salvadoran businesses so that they can take advantage of the technical assistance and expertise that IESC can provide. The economic re-activation of El Salvador will depend primarily on the ability of the Salvadoran private sector to expand their present capacity for production and create employment. IESC can be a vital factor in assisting Salvadoran businesses

achieve this objective.

We are projecting for 1985 no less than 25 project starts (volunteers working in country on project assignments). Financial assistance by means of this requested grant will not only help to achieve this goal but hopefully surpass it.

PROJECT ANALYSIS:

Technical assistance offered by IESC to the Salvadoran private sector will be helpful for the implementation of US AID Policy for the economic reactivation of this country, especially in the areas of small to medium size firms.

IESC's unique "counterpart" system of training allows the client direct contact for transference of skills and at the same time trains the local executive to carry out plans outlined by the IESC Volunteer Executive as it relates to the project.

Assistance given by IESC can help a client achieve:

1. Increased productivity
2. Cost savings
3. More job opportunities

Transference of skills and technology is provided by IESC through volunteer executives who are retired, highly skilled U.S. executives and/or technicians who work on a specific project as requested by the client. "One on one" training is accomplished by the counterpart system which has proven itself to be highly effective. At present IESC has over 9000 executives listed in the skills bank at Stamford. Because of conditions prevalent in El Salvador, there has been some apprehension on the part of IESC volunteer executives to accept assignments, however with every returning volunteer this problem is being overcome.

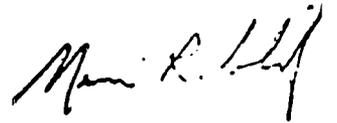
D] PROJECT DESIGN AND IMPLEMENTATION:

Attached is an updated IESC project list for El Salvador and projections for 1985. The attached proposed financial budget shows local operation expenses and project

development funding. The client receiving assistance from these funds must:

1. Be recommended for assistance by the IESC Director of Operations in El Salvador.
2. Be approved by the AID project officer as eligible to receive assistance.
3. Contribute a minimum of 25% (US\$3,000.00) of the total contribution in local currency at the prevailing parallel rate.
4. US\$ funds from project development sources will be sent to IESC headquarters, Stamford to cover costs.

IESC has a country agreement with the government of El Salvador (attached), which is in effect.

A handwritten signature in black ink, appearing to read "Mano R. Lopez", is located in the lower right quadrant of the page.

PROJECTS LIST

5.

<u>CLIENT</u>	<u>P. NUMBER</u>	<u>TYPE OF ASSISTANCE</u>
El Diario de Hoy	13089	Production and organization of production Department.
Aseguradora Suiza	13147	Comprehensive evaluation Insurance for US - El Salvador.
Fusades	13173	General Chamber organization
Fusades	13174	Coordinating group for artesanal products.
Pineda Martínez (Pimar)	13231	Marketing assistance for women's dresses and clothes.
Fedecrédito (Tomato)	13232	Tomato process feasibility study.
Textiles Ilopango	13255	Production and equipment maintenance.
Banco Salvadoreño	13256	Computer system evaluation
Plásticos y Metales	13257	Administration and organization
Pineda Hermanos	13262	Productions men's shirts
Incafé	13288	Administrations and organization
Adoc, S.A.	13289	Hand swen shoe production
Fedecrédito (milk)	13290	Milk processing feasibilities.
Taca	13304	Operations and communications
Manufacturera de Papel	13324	Production and quality control.
Rotary El Salvador	13353	Installation and supervision bio-medical equipment.
Bon Appetit	13355	Low volume food process.
Financiera de la Vivien	13356	Administration and organization.
IPSA	13357	Evaluation sales organization and compensation plans.
POLISA	13358	Evaluation sales and marketing department.
Adoc, S./	13379	Warehousing operation

<u>CLIENT</u>	<u>P. NUMBER</u>	<u>TYPE OF ASSISTANCE</u>
Bco. de Crédito Popular	13437	Administration and organization.
Bc. de Crédito Popular	13438	Computer evaluation.
CORSAIN	13501	Administration and organization
Taca	13429	Maintenance Supervision.
Banco Hipotecario	13503	Cost Control
Banco Agrícola Comercial	13546	Administration and organization
Banco Agrícola Comercial	13547	Cost Control
UDEX	13595	Agricultural
Hotel Presidente	13605	Administration and organization

PROJECTS COMPLETED

<u>CLIENT</u>	<u>NUMBER</u>	<u>AREA</u>	<u>VOLUNTEER EXECUTIVE</u>
Diario de Hoy	13089	Production	George Potts
Aseuiza	13147	Insurance Evaluation	Roger Haines
Fusades	13173	Organization of chambers	Albert Ludy

PROJECTS STARTED

Taca	13304	Operations	Thomas Van Sciever
Adoc	13379	Warehousing	Robert Egtvedt
Bco. Hipotecario	13503	Cost Control	Lowell Brisbin

PROJECTS TO START BEFORE 31 Dec., 1984

Bco. Agrícola	13547	Cost Control	Leonard Roche
Polisa	13358	Marketing	Albert Hill
Bco. Crédito Pop.	13437	Administration/organizat.	Tom Kiley
Bco. Crédito Pop.	13438	Comp. Evaluation	Elden S. Eichorn

3 yrs. grant (US\$500,000.00)

EXCHANGE RATE: 4 X 1

	1 9 8 5		1 9 8 6		1 9 8 7	
	£	US\$	£	US\$	£	US\$
Local operating expenses						
Salaries						
Assistant Director	48,000.00	12,000.00	53,000.00	13,250.00	60,000.00	15,000.00
Secretary N° 1	20,000.00	5,000.00	23,000.00	5,750.00	26,000.00	6,500.00
Secretary N° 2	16,000.00	4,000.00	18,000.00	4,500.00	20,000.00	5,000.00
Office boy/messenger	7,000.00	1,750.00	8,000.00	2,000.00	9,000.00	2,250.00
Driver					15,000.00	3,750.00
Accountant (Part-time)					5,000.00	1,250.00
Employees taxes	6,000.00	1,500.00	7,000.00	1,750.00	8,000.00	2,000.00
Total salaries and taxes	97,000.00	24,250.00	109,000.00	27,250.00	143,000.00	35,750.00
OFFICE EXPENSES						
Office rent	18,000.00	4,500.00	20,000.00	5,000.00	20,000.00	5,000.00
telephone	10,000.00	2,500.00	12,000.00	3,000.00	12,000.00	3,000.00
telex	15,000.00	3,750.00	17,000.00	4,250.00	18,000.00	4,500.00
photocopy	8,000.00	2,000.00	9,000.00	2,250.00	9,000.00	2,250.00
office maintenance	4,000.00	1,000.00	4,000.00	1,000.00	4,000.00	1,000.00
utilities (elec. & water)	6,000.00	1,500.00	7,000.00	1,750.00	7,000.00	1,750.00
legal and audit expense	5,000.00	1,250.00	5,000.00	1,250.00	5,000.00	1,250.00
MCPI taxes <i>Universal</i>	1,000.00	250.00	1,500.00	375.00	1,500.00	375.00
postage	6,000.00	1,500.00	6,500.00	1,625.00	7,000.00	1,750.00
equipment maintenance	3,000.00	750.00	3,000.00	750.00	3,000.00	750.00
stationary and supplies	4,000.00	1,000.00	4,500.00	1,125.00	5,000.00	1,250.00
printing	3,000.00	750.00	3,000.00	750.00	3,000.00	750.00
office equipment	5,000.00	1,250.00	5,000.00	1,250.00		
meetings and conferences	8,000.00	2,000.00	8,000.00	2,000.00	8,000.00	2,000.00
rentals (office equipment)	5,000.00	1,250.00	5,000.00	1,250.00	2,000.00	500.00
Others	5,000.00	1,250.00	5,000.00	1,250.00	5,000.00	1,250.00
Total office expenses	171,000.00	42,750.00	195,500.00	48,875.00	199,500.00	49,875.00
Total local salaries and expenses	268,000.00	67,000.00	224,500.00	56,125.00	252,500.00	63,125.00
Project development funds						
(in US\$)		120,000.00		115,000.00		73,750.00
TOTAL US\$		187,000.00		171,125.00		141,875.00
				US \$ 500,000.00		
				=====		
* Local operating expenses in colones						
at 4 X 1						



INTERNATIONAL EXECUTIVE SERVICE CORPS
CONDOMINIO TORREMOLINOS, 79 AV. NTE. Y 3a. C. PTE. APT. No. 11,
COLONIA ESCALON, SAN SALVADOR, EL SALVADOR.

9.

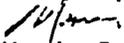
November 29, 1984

Mr. Peter La Pera
AID
US Embassy

Dear Peter:

Enclosed are the documents you requested regarding the AID Grant
for IESC - El Salvador.

Best personal regards,


Mario R. Sulit
Director of Operations
El Salvador

Encs.

MRS/mev

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P O T E N T I A L E C O N O M I C I M P A C T

Our objective of concentrating on assignments which will have a significant economic impact requires that each request for assistance be carefully evaluated for its potential effect on the economy of that country.

This would be a simple problem if certain types of assistance were always more effective than others or if the size of the requesting organization or the field of endeavor would automatically bring about a greater or lesser result. Unfortunately, this is not so; the degree of economic improvement which may be achieved through a specific project depends on a combination of a great many factors. The task of the Country Director is to weigh all the factors involved and arrive at a net evaluation.

The only means at our disposal to induce economic improvement is the ability of our volunteer executives to accelerate the development and growth of specific industries. The clients from whom we accept assignments are, in effect, merely instruments which we use to achieve our primary goal. It is the suitability of the prospective client as an instrument which must be considered rather than the personal plight of the owner or owners.

In most assignments the general economic improvement is limited primarily to that caused by the acceleration of activity within the client facility. With certain types of clients, however, the acceleration may induce substantial improvement in a multiplicity of establishments and by virtue of this may be said to have MULTIPLE EFFECT. Depending on the scope and extent of such induction, the gross MULTIPLE EFFECT may or may not be comparable to the positive and more immediate effect of the limited type.

SELECTION OF CLIENTS

11.

Most PRIVATE-SECTOR CLIENTS will be engaged in manufacturing, processing and/or marketing a line of goods or commodities. These are the type of projects in which the acceleration is limited to the client organization, its employees and such suppliers of raw materials or components as may benefit from the improvement. It must be considered, however, that the effect of such projects is usually very direct and may have considerable impact.

In a few instances, the requesting organization will be providing services of such a nature that the acceleration may extend far beyond the client enterprise. For example, the construction or extension of electrical power services will inevitably spawn industrial growth in the new areas encompassed. This MULTIPLE EFFECT may be expected in projects concerned with utilities, transportation facilities, banking, consumer financing, public works and the development of industrial parks, or shopping centers.

It is difficult to say that any specific TYPE OF PRODUCT or group of products is patently a more desirable candidate for assistance than others. It may be argued that hunger is still a serious problem in many developing countries and that foodstuffs should therefore be given a priority. Actually, the most widespread cause of malnutrition is often the lack of means to buy food rather than any real shortage of foodstuffs. Establishing or expanding any type of economically feasible industry may provide the employment necessary to combat this problem.

The principal advantage to be gained by selection of one classification of products over another is that of balance. A healthy economy must have a broad complement of industries and services and it is in the deficient areas that preference should be given.

Theoretically, the impact of a project will vary directly as the SIZE OF THE CLIENT CORPORATION, all other things being equal. However, these other factors are usually far from equal; the scope of projects for larger clients is, of necessity, more limited. It must also be considered that changes and improvements will be much more difficult to implement when greater numbers of people are involved. These factors tend to equalize the impacts of projects with various sized clients.

An organization may, however, be too small to be useful. An established company doing less than \$50,000 U.S. per annum and without the capital and administrative structure to expand considerably would not seem to offer much opportunity.

A certain number of requests will come from embryo companies which have, in fact, no established volume. Assisting in the establishment of the new industry can be very effective but it is essential to ascertain that the principals have the ability and the capital to launch the enterprise properly.

SELECTION OF CLIENTS (CONTINUED)

Although our basic concept is "business-to-business", we recognize that certain GOVERNMENT and INSTITUTIONAL functions of assisting, promoting or controlling industry are essential. We also realize that there is a need for improved and expanded business/vocational training programs to fill the "mid-management gap" in most developing countries. Because of these considerations, we accept requests from such agencies when we believe that a significant impact can be achieved.

Obviously, assistance given to organizations wholly-owned in the client country will have a more significant economic impact than when a portion of the profits must go to outside interests. However, it is not always practical for a business to operate without some degree of foreign participation. The desirability of projects from such clients is lessened by the degree of their foreign ownership and under no circumstances can we give assistance to organizations which are not at least 51% owned by nationals of the country.

As the basic aim of IESC is to improve the welfare of the disadvantaged, we also try to avoid cultural and social enterprises which cater primarily to the more affluent segment of the society. Musical societies, golf and country clubs and race tracks are typical of this category.

We cannot accept requests from clients who have previously requested assistance and then cancelled the project without good reason or have caused the project to be cancelled by failure to respond promptly to our efforts, unless a substantial prepayment of part of the contribution is made, at the time of signing.

S E L E C T I O N O F P R O J E C T S

Considering the direct, indirect, cash and non-cash costs of an IESC project, it is doubtful if many could be entirely justified by the immediate benefits to the client and the economy of the country. To be worthwhile, most projects must achieve some PERMANENT IMPROVEMENT which will benefit the client and the economy continuously and, hopefully, increasingly over the years to come. For this reason, it is important that the country director study this aspect of the proposed assignment. For instance, if the problem is the lack of quality in a hydraulic cement, it is not enough to have the volunteer executive determine which of the processes or raw ingredients are at fault. This would solve the immediate difficulty but do nothing towards avoiding a repetition of the problem. Such a request should be revised to include the establishment of a modest test laboratory and the training of a staff member in the test procedures for raw materials and finished cement. A certain amount of "trouble shooting" is inevitable in many projects but this should never be our primary objective.

Experience has taught us that the principal cause of cancellations is delay. In some instances the delay is caused initially by the difficulty of recruiting a suitable candidate but far more often it starts after a volunteer executive has been selected.

These delays fall into two distinct categories. In the first, a starting schedule cannot be confirmed because the client is out of the city or needs the approval of his father or partner or board of directors, etc. In the other typical situation, the client cannot set a definite starting date because his refinancing has not been completed or the new equipment has not arrived or the new factory manager has not been found, etc. Although the reason may be quite genuine, we know from experience that when such delays are encountered, the chances of ever starting the project are diminishing rapidly.

Projects cannot be approved for action in Stamford unless the Agreement specifies a definite and reasonably imminent starting date. We will assume that it is the sincere intention of the client to start on that date and that he will so confirm immediately upon receipt of the name and description of the executive we have selected. If, subsequently, this does not prove to be so, a full and reasonable explanation by the country director is expected.

Technical assistance is also available from similar organizations in the U.S. and other countries. IESC assisted in the formation of several of these and it is not our intent to compete with these agencies. Under no circumstances will IESC accept a project wherein our selectee is to be weighed against the candidate of any other agency.

S E L E C T I O N O F P R O J E C T S (CONTINUED)

One TYPE OF ASSISTANCE is not necessarily better than another. When the assistance is in marketing or production, the effect is likely to be more immediate; on the other hand, assignments to improve the general administration or control of a company may have a more permanent effect. The most effective type of assistance should be in the most troublesome sector and we usually assume that the client is in the best position to pinpoint this area.

The DURATION OF PROJECTS averages slightly over 2½ months but may be shorter or longer. The correct duration for any specific assignment is the time required to properly discharge the commitments outlined in the agreement. However, because most volunteer executives are of post-retirement age and because it is desirable that their function remain advisory and not become administrative, inflexible commitments for more than three months are not acceptable and Agreements specifying longer periods will be altered to read, "Three months plus extension by mutual agreement."

IESC does not attempt to provide MEDICAL AID because this is a highly specialized form of assistance and is available through numerous organizations of the American medical fraternity. This does not necessarily exclude administrative assignments for hospitals or clinics.

SELECTION OF PROJECTS (CONTINUED)

PROPRIETARY SECRETS We do not accept projects in which the client specifies that the volunteer executive reveal to them any proprietary information concerning the formulation or processing of products by their former employers.

When a prospective client is engaged in a business where such conflict could occur, he must be informed that we cannot be a party to any such transfer and that our volunteer executives have been apprised of our position in this regard.

MARKETING PROJECTS Projects requesting assistance in improving the client's marketing or sales organization and policies are quite acceptable but such projects must be limited primarily to improving the basic marketing organization and must be done in the client country. Projects which require the volunteer executive to travel to other countries, accompanied or unaccompanied by client personnel, to establish contacts or outlets, are not acceptable.

This applies particularly to requests for help in establishing sales outlets or contacts in the United States. We are not permitted to act in the U.S. as a sales agent or an intermediary for foreign concerns. However, this does not prevent the volunteer executive from advising the client on the acceptability of his products in the U.S. or giving general advice on ways of establishing such outlets or contacts, providing such assistance is being rendered in the client country and that there is no provision that the volunteer executive supply the names of specific persons or outlets in the U.S.

CONSISTENT WITH US AID POLICIES, IESC WILL SELECT PROJECTS

That will:

1. Generate employment
2. Increase export capability
3. Have expansion possibilities
4. Help businesses continue in operation

Areas of emphasis will be in:

1. Agro-industry
2. Small and medium size organizations
3. Micro-organizations as group.

SOURCE OF PROJECTS

1. Satisfied Clients:

- a. Additional or follow up projects.
- b. Referral to new potential clients.

2. Leads and Referrals from:

- a. National Advisory Committee
- b. Volunteer executives.
- c. Industrial and trade associations.
- d. IESC Stamford office.
- e. U.S. Embassy/Consulate.

3. Client Assistance Reviews:

- a. After checking on previous project(s) ask client for new project or referral to potential clients.

4. Country Director/Sub-Director Activities:

- a. Personal business contacts.
- b. Talks to industrial/trade associations
- c. Talks to business groups, Rotary, Lions, etc.
- d. Commercial banks and private or public development banks.

5. Mailings:

- a. Arrange with industrial trade associations to make mailings to their members on their letterhead, enclosing pamphlet supplied by IESC.
- b. Preferably mailings should be made by regional/state associations.

6. National and regional Government agencies, such as Federal and State and, perhaps, municipal development offices, dedicated to furthering industry, agriculture, tourism, etc.

C O N T R I B U T I O N

Funds allocated by AID (1985, 1986, 1987--see budget) for project development would generate 15 to 20 projects per year.

In all cases the client requesting IESC assistance would be eligible for AID project funding only upon the Country Directors recommendation with approval of the AID project officer.

Also, the client must provide a minimum of 25% of the total contribution cost (US\$3,000.00) payable in local currency at the prevailing parallel market rate. This will not be an established or advertised minimum since some clients will have the ability to pay as much as 50% to 60%. Obviously, the more the client can contribute to his project, the more he will take interest in it and thereby benefit more from IESC assistance

Since IESC headquarters Stamford pays for the Volunteer Executives airfare, recruiting costs, overhead and the Country Director salary, it is requested that project development funds (AID) used for client contributions be remitted (in US\$) to IESC Stamford, Connecticut.

MONITORING OF PROJECTS

Projects are monitored in the following manner:

1. Recruiting very carefully selects the volunteer executive from our skill's bank and the couple is interviewed by an IESC field representative in the executive home area. This field representative is also a volunteer who has previously served on IESC projects.
2. Once a VE is on station, after approximately 10/12 days with the client, he will present a work plan to the client, based on the project agreement for the clients approval. The Country Director will have reviewed this plan prior to presentation and will be present at the meeting.
3. Interim reports to the client are made according to need.
4. The Country Directors role, once a VE starts his project is primarily support; to the VE should he have difficulty with the client and vice-versa.
5. The final report of the VE is for IESC use only. The client will receive recommendations and a plan for implementation.
6. After 9 to 12 months the client is visited by the Country Director along with a Volunteer Executive or IESC staff member to carry out a review of assistance given on the project. This will help determine the degree of success the project had; its short falls and why; other areas of assistance.

JANUARY-FEBRUARY PROJECT STARTS

DATE	PROJECT I.-	CLIENT	ASSISTANCE	VOLUNTEER EX.
January 7, 1984	13546	Bco. Agrícola Comercial	Administ. & Organ.	J. Johnson
January 7, 1985	13256	Bco. Salvadoreño	Computer Evaluation	D. Leshner
January 10, 1985	13501	CORSAIN	Administ. & Organiz.	D. Cavallier
February 3, 1985	13356	Fin. Nacional de la Viv.	Administ. & Organiz.	E. Saope

P R O J E C T W O R K P L A N

Project No. 13089 Country El Salvador Date 6/16/84
 Client EL DIARIO DE HOY Volunteer Executive George W. Pott

1. Describe as completely and accurately as possible the nature of the assistance which you and the client have agreed is to be rendered. Include any details lacking from the statement of Assistance Requested in the Agreement and note and explain any variance with that statement. Will evaluate present conditions in:
 - A. Camera Department
 - B. Color Department
 - C. Photocomposition Department
 - D. Paste-up Department
 - E. Pressroom
 - F. Photofax and AP
 - G. Filing system of page negatives
 - H. Plate-making Department
 - I. Discussion with Mr. Marchesini about deadline stories, ads, and number of pages per day.

2. Describe as specifically as possible the current state of the conditions which are to be altered by the assistance described above in paragraph 1. If these relevant conditions can be given numerical values, such as sales volumes, production rates or costs, number employed, etc., please do so.
 - A. Camera department, money and time wasted.
 - B. Color excellent, would not change.
 - F. Can see some improvement, possibly some money saved.
 - G. Improve filing system.

EXHIBIT B-2

PROJECT WORK PLAN (2)Project No. 13089 Country El Salvador

3. If possible, estimate the degree of improvement or achievement which you hope to attain. Use numerical values where the initial conditions were stated in these terms.

I do see a great deal of money and time saved if certain equipment is procured. Most equipment bought today will and must be used in future plate-making.

From time to time I will give you short written reports on this whole project.

4. Describe the steps or stages in which you plan to perform the work and estimate the approximate time which will be required for each stage.

- A. Camera Department-one week or more.
- B. Color Department-no time needed, but would like one or two days or time necessary to observe.
- C. Photocomposition Department-one week.
- D. Make-up Department-one week.
- E. Pressroom-Prestime, two or three nights or necessary time to observe.
- F. Photofax and AP-one day.
- G. Filing system of page negatives.
- H. Plate-making Department.
- J. Trial tests and Press run.

Necessary time undetermined on G, H and J.

Must have Mr. Gilberto Velasquez and others determined by the Company, for counterparts.

Mr. Altamirano suggested that my wife and I meet him in Miami for a conference after three or so weeks in San Salvador, at his expense.

Approved

[Signature]
Client Organization

IISC Volunteer Executive

[Signature]
George C. [unclear]

[Signature]
L. M. [unclear]

EXHIBIT C-1

VOLUNTEER EXECUTIVE'S REPORT OF ASSISTANCE RENDERED

Project No. 13089 Country El Salvador Date 27 September
 Client El Diario de Hoy IESC Volunteer Executive George W. Potts

1. Describe in reasonable detail the actual assistance rendered and the sequence of actions in which you engaged. Please include any circumstances affecting the project, such as relations with the client, working conditions, illness, etc.
 - Made recommendations on how they could save money by purchasing a reversing lens. Eighty (80) percent of film now being used for half and line work could be saved.
 - A positive to positive paper would be used, Chemco's #605-608. Kodak also manufactures this type of paper.
 - Suggested they buy a news-plater. A newsplater would save \$50,000 a year in film.
 - Recommended they leave color system for making color separations alone, as it is one of the best I have seen.
 - Suggested they use fresh color film in their photography department. As of the present time they are using many outdated rolls of color film.
 - Recommend they buy another videosetter. With having just one, they must constantly be changing photo-typsetting paper, resulting in waste. The waste per year is over \$3,000. A second videosetter could also be used as a back-up.
 - Recommended they build a small room just for their computers. It is now in an open room with other equipment and terminals where at times 20 or more people. Suggested they move the terminals to the departments they belong in and keep this room just for the computers and equipment and no people.
 - The existing computer system is 7 to 10 years old and spare parts are hard to buy.
 - They need a new filing system for page negatives or page proof sheets.
 - Suggested they talk to the various ad agencies, so called camera-ready copy are only 40 to 50 % complete, additional work needed.

EXHIBIT C-1

- Suggested that four department heads select color pictures for Page 1 for best results.
- Recommended the use of in-house printing plant to print double-size light blue grid sheets.
- Stressed cooperation is needed by all departments to solve problems of paper before it goes to press, resulting in a better paper.
- Recommended to Camera Department that a contact print should be made when 4 or 5 negatives are combined to make an advertisement then send contact print to paste-up department.
- Made in-depth study of whole operation and suggest six units as counterparts rather than just one.
- Recommended they try to recover silver that is contained in the old page negatives.
- Suggested that they purchase a temperature controlled sink for photo-lab.

My relations with the client were excellent, beyond expectation. Both management and workers were more than cooperative making my project very interesting and rewarding. Working conditions were excellent.

EXHIBIT C-2

VOLUNTEER EXECUTIVE'S REPORT OF ASSISTANCE RENDERED

Project No. 13089 Country El Salvador

2. How do the results achieved compare with the baseline conditions and goals outlined in paragraphs 1 and 2 of Exhibit B-1?

Everything was achieved and more. Baseline conditions of B-1 were followed. In a project of this type, much more is accomplished after getting into it. All work was performed in a professional manner.

3. How will this project benefit the client organization, its employees and/or other people and organizations in ways not obvious from the achievements described in paragraphs 1 and 2?

The client organization will benefit from the recommendations because of the newer methods offered. When all the new machinery is installed, money and time will be saved.

I recommended six (6) counterpart men be selected to carry out all the suggestions made, after I leave.

Management has promised to keep up with the weekly meetings with department heads.

EVALUATION

EXHIBIT C-3

4. If I were to visit El Salvador a year from now to evaluate work, I would:

- Check on cooperation and communication between all departments which is vital to the finished product, the newspaper.
- Evaluate work being produced by reversing lens, news-plater and new typesetter.
- Check on all other phases of my three month project mentioned previously in my report.
- Check on waste.
- Check on savings from the purchasing of new equipment.

VOLUNTEER EXECUTIVE'S REPORT OF ASSISTANCE RENDERED (3)Project no. 14000 Country El Salvador

4. What improvements and changes have already been achieved and what recommendations or plans are still to be implemented? If you were to visit this organization a year from now, where would you look to evaluate the ultimate effect of your work?
- They are purchasing a news-plater, reversing lens and a typesetter, at a cost of over a half million dollars.
 - Various department heads are meeting regularly where in the past had no meetings at all.
 - Four department heads now meet every week to select the color photo for page one of the Sunday Edition, instead of one or two.
 - Six counterpart men have been selected instead of one.
 - Plans are underway to remove all terminals and keep people out of the Computer room, so that this room can be kept clean.
 - Now having press test-runs to check halftones.
 - Halftones have improved considerably in the last 4 weeks. I attribute this to having meetings with the photo department and photo mechanical department. They now seem to understand one another's problems.
 - Checking plate exposures every week.
 - Solution found for ragged headline type.
 - Lab-technicians have improved the quality of the photographic prints.
 - Inter-department workers now meeting every week to discuss problems, never met this way before.

EVALUATION ON CONTINUED PAGE

5. In retrospect, is there any way in which this could have been made a more effective project?

No, the success of this project is due to the attitude to suggestions and cooperation of the client with the IESC volunteer.

IESC Volunteer Executive J. (S) [Signature]

EXHIBIT B-1

PROJECT WORK PLAN

Project No. 13147 Country El Salvador Date July 20, 1964
 Client Aseguradora Suiza Salvadoreña, S.A. Volunteer Executive G. Rogers Hannes

1. Describe as completely and accurately as possible the nature of the assistance which you and the client have agreed is to be rendered. Include any details lacking from the statement of Assistance Requested in the Agreement and note and explain any variance with that statement.

It was determined that the first priority would be devoted to the building up of package policies for both dwelling and commercial risks. The review of property and casualty coverages would take a low priority, attention being giving to ocean marine and aviation if time permits. (In any event the coverage for these two classes are in the main determined by the reinsurer).

The second priority would be a detailed examination of the ceded reinsurance programme.

The third priority would be a detailed study of this feasibility of initiating a drive for general third party business.

Two special subjects would be considered: a) Some form of loss of profits for commercial operations. b) A risk management survey form to insure that all appropriate forms of cover are discussed with the insured.

2. Describe as specifically as possible the current state of the conditions which are to be altered by the assistance described above in paragraph 1. If these relevant conditions can be given numerical values, such as sales volumes, production rates or costs, number employed, etc., please do so.

The current state of the coverages and policies forms is completely adequate and operational for any company in El Salvador at this time. The basic objective of the project is to look to the future and to increase the services which the company can offer.

In examining the reinsurance programme the objective is to study this relationship with the financial state of the company. To increase the retention if this can be demonstrated as justified with the end result of increasing the capacity of the programme as will be required in the future.

EXHIBIT B-2

PROJECT WORK PLAN (2)

Project No. 13147 Country El Salvador

- 3. If possible, estimate the degree of improvement or achievement which you hope to attain. Use numerical values where the initial conditions were stated in these terms.

"It is impossible to estimate any degree of improvement or achievement which can be attained, it will be probably two years before most of the programme can be initiated and this would mean 5 years for any viable figures to be available.

- 4. Describe the steps or stages in which you plan to perform the work and estimate the approximate time which will be required for each stage.

The first two priorities - packaging policies and reinsurance - can be done hand in hand in two weeks. Priority three with the 2 special subjects should also be achieved in three weeks; two weeks should probably suffice for the balance of this project.

Approved

Client/Organization

IESC Volunteer Executive

27.11.1971

VOLUNTEER EXECUTIVE'S REPORT OF ASSISTANCE RENDERED

Project No. 13147 Country EL SALVADOR Date November 1, 1981

Client ASEGURADORA SUJZA SALVADOREÑA SAIESC Volunteer Executive George Haines

1. Describe in reasonable detail the actual assistance rendered and the sequence of actions in which you engaged. Please include any circumstance affecting the project, such as relations with the client, working conditions, illness, etc.
 - (a) Two Personal Comprehensive Package Programmes - One for Standard and one for Broad benefits were drawn up to cover Property, Fire, Theft cover including Earthquake, Third Party, Medical Expenses and Personal Accident Benefits. This comprises 53 pages, 37 in Spanish.
 - (b) A Commercial Package covering seven difference types of coverage, Cause of Loss Forms and a consolidated set of Conditions. This comprises 61 printed and typed pages mainly in English but including much duplicated material.
 - (c) Various other forms were drawn up to supplement (a) and (b).
 - (d) Various individual policy forms were reviewed and specific changes recommended for:
 - (i) Third Party
 - (ii) Personal Accident
 - (iii) Cash in Transit

I will survey other forms after my return and send recommendations by mail.

- (e) Changes were recommended and adopted for the maximum retention and a minimum retention was introduced, these would effect the Surplus Reinsurance Program.
- (g) Discussed changes in the Company Organizational Chart with special application to delegating some of the President's accountability.
- (h) Submitted pro formas for departmental and company expenses budgeting.
- (i) Submitted pro forma for presenting actual and budgetted gross and net Premium Income, Commissions, Claims and Expenses, etc, to the Board of Directors.

There was complete co-operation from all levels of staff. No days were lost as the result of illness one day was lost as a National Holiday.

Whilst at first glance this appeared to be a simple project adapting certain US contracts for use in El Salvador, the transformation was made somewhat difficult by several conflicting aspects--a different legal situation (Napoleonic Code), different customs and usage, using a language which is not very technical and an insurance environment which is not very sophisticated.

- 1) It always seemed too little was being accomplished for all the effort being expended by a close group of six or seven, augmented by many others as was demanded--nobody seemed to mind all this effort; it was given very willingly.

It was indeed unfortunate that all top and middle management were away for four days during my penultimate week; the annual insurance convention for Central America and Panama was held in Tegucigalpa. As it turned out, in my last two weeks I did not see the President until the second Tuesday except for two brief 5 minute chats--this just when all major work was ready for submission awaiting his comments and ultimate approval, etc. Thus this most important part of the project was unduly rushed.

X

2

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VOLUNTEER EXECUTIVE'S REPORT OF ASSISTANCE RENDERED

Project No. 10117 Country EL SALVADOR

2. How do the results achieved compare with the baseline conditions and goals outlined in paragraphs 1 and 2 of Exhibit B-1?

The two main priorities were accomplished - Package Policies and Reinsurance and a degree of success was achieved for the third priority. A loss of profits was drawn up but no progress was made on the risk management survey form due to lack of time.

Some work was done on individual policy forms; this will be continued by correspondence.

3. How will this project benefit the client organization, its employees and/or other people and organizations in ways not obvious from the achievements described in paragraphs 1 and 2?

- As far as the client organization is concerned, there should be four main benefits:

(i) the marketing of an up-to-date product in a country where insurance is to say the least far from sophisticated and resulting in at least middle management being able to talk to and work with American business in their own insurance environment. (a) This should be especially (b) valuable when the present crisis is past and outside investments are coming in. It should also lead to increased "fronting" from American Companies.

(ii) Middle management should have an insight into the broader insurance problem and solutions - thus increasing their overall insurance knowledge and realizing that, if they are to attract U.S. business they must be prepared to broaden benefits and give more protection.

(iii) Make management realize that insurance is a risk assuming industry there is a tendency to consider commission income as being preferable to underwriting profits. This is inevitable and prudent in the early years of a new company's existence but Asesoradora Suiza is now 15 years old -

- 3) is the largest company in El Salvador--is definitively an innovator and leader. It has the resources to increase its risk bearing as opposed to relying on commissions and in fact has decided to increase its retention by 50% for fire business.

(iiii) The "Package" Programme should also result in addition premium income to the Company without a corresponding increase in its catastrophic exposures, thus aiding the situation in (iii) above and lessening the impact of Reinsurance retrocessional Premiums the Net Premium Income.

In view of the predominate position which Suiza Salvadoreña occupy in the market any move made by them to modernize policy forms and broaden coverage should be followed by the market which would increase premium income and make increased insurance facilities available to the general public. At the moment in view of the very good loss ratios--not an unual occurrence in times of depression or crisis--there is a general tendency to leave things well alone.

VOLUNTEER EXECUTIVE'S REPORT OF ASSISTANCE RENDERED (3)Project no. 13147 Country EL SALVADOR

4. What improvements and objectives have already been achieved and what recommendations or plans are being implemented? If you were to visit this organization a year from now, where would you look to evaluate the ultimate effect of your work?

The ~~very~~ tangible results of this project at this time have been an increase in retention and thus an increase but not a mathematical increase in the capacity of the Surplus programme. Certain other performance improvements are being discussed with the market at this time.

Otherwise, all other improvements and changes lie in the future as explained in the client report, the two major parts on the project cannot be initiated until probably January, 1986, which will mean no viable production figures will be available until January, 1988, as most policies will only be sold on a selective basis.

Other recommendations maybe will take 12 months to initiate.

5. In retrospect, is there any way in which this could have been a more effective project?

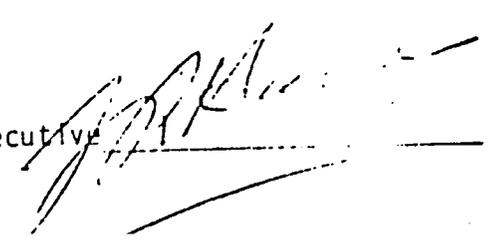
First, I would like to suggest that the initial visit made in July, 1984 was well worthwhile. On my return to New York I was able to contact technicians for specific advice, obtain reviews and confidential reports--over 800 pages some in Spanish--which I would never have been able to obtain by writing from El Salvador, the delay of three to four weeks by the mail alone would have wasted much time. This could well have cost \$9,660.00 in "per diem" against addition air fares of US\$200.00 or \$1,200.00 to say nothing of postage costs.

I would recommend that in certain cases if permissible, the U.S. Embassy A.P.O. Miami address be used--One package I did have sent by air arising out of amendments to the original work plan was 23 days in arriving and cost US\$15.60.

cont. page 3

- 5) It was agreed before I left in July, that I would sue the joint services on Mr. Roberto's and Mr. Rodolfo's secretaries. Only the latter spoke English and she was not always available when discussions arose with the Managers regarding interpretation of words or phrases, or my Spanish was not sufficiently adequate to get across explanations or differences in meaning and legal interpretation as was necessary. This wasted a lot of time, so ultimately it was agreed it would be best if I had my own bilingual secretary--this was most beneficial but I still had to use others for typing Spanish copy work.

IESC Volunteer Executive



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PROJECT WORKPROJECT N°: 13173COUNTRY: EL SALVADORCLIENT: FUSADESDATE: AUGUST 17, 1984VOLUNTEER EXECUTIVE: ALBERT LUDY

1. A. As described in the original Project Agreement, my first task is to evaluate the organization and administration of two local chambers of small business enterprises: Federación Nacional de Pequeña Empresa de El Salvador (FENAPES) and Sociedad de Comerciantes e Industriales Salvadoreños (SCIS).

This will involve: 1) Studying all available written material concerning each chamber, such as incorporation documents, statutes and regulations, annual reports, news letters, etc.; 2) spending time in their offices observing day-to-day staff operations; 3) attending meetings of general membership, boards of directors, and committees; 4) attending special events, such as seminars, trade fairs, etc.; 5) interviewing individually members of boards and committees, staff personnel, and a cross-section of members; and 6) interviewing persons outside of the chambers who have knowledge of their operation.

- B. After completing the evaluation, my second task is to work with these chambers to develop a program that will strengthen their organization and make them more effective in serving the needs of El Salvador's small business sector. It was suggested that this program include program and policy development, chamber organization and structure, development and management of volunteers, public relations, general management, basic budgeting and industrial development. Based on my impressions thus far, I believe that they need assistance also in finding their own identity among the many organizations representing El Salvador's private enterprise sector, in membership recruitment and services, and in fund-raising activities.
2. This assignment differs from the typical IESC project in that its first part involves describing the current state of conditions to be altered. Hence, this section of the Project Work Plan outline is not applicable at this time.
3. It is unrealistic to expect much visible or measurable achievement in the short run in this type of project. My plan is to provide to FUSADES:
1. A written evaluation of the present status of FENAPES and SCIS, primarily in terms of their organization and administration, and of the problems which lessen their effectiveness.

PROJECT WORK PLAN

Page 2

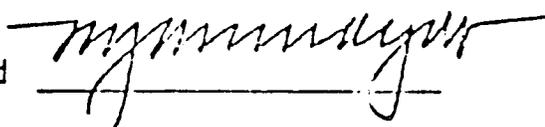
2. A written program of recommendations for each of the two organizations for improving their organization and administration and assisting them to carry out more effectively their objectives.

As most of the recommendations will be for implementation over the medium or long term, the real test of the success of this project will be the progress achieved by the two chambers over the next six to 12 months.

4. The two stages of this project are described in sections one and three above. I estimate that the first stage will be completed by early September. The second stage can be begun before the first stage is actually finished, and I hope to have the written recommendations completed by September 21.

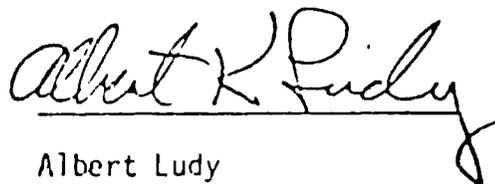
How long I remain after the program is presented to FUSADES will depend, in part, on how much help I may be able to provide in getting implementation of my recommendations started. This will have to be discussed with FUSADES when the recommendations are near completion. At this point my preference would be to return to Washington by the end of September 22, but I am willing to discuss remaining for a full three months, if necessary, or until October 15

Approved



F U S A D E S

IESC Volunteer Executive



Albert Ludy

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EXHIBIT C-1

VOLUNTEER EXECUTIVE'S REPORT OF ASSISTANCE RENDERED

Project No. 13173 Country EL SALVADOR Date October 13
 Client FUSADES IESC Volunteer Executive Albert K. Ludy

1. Describe in reasonable detail the actual assistance rendered and the sequence of actions in which you engaged. Please include any circumstances affecting the project, such as relations with the client, working conditions, illness, etc.

The major part of the assistance I rendered to FUSADES was in the form of my written report containing evaluations of SCIS and FENAPES as they are now functioning and recommendations for strengthening their organizations and administration, their memberships, planning and programs. In the case of FENAPES, although I presented recommendations for strengthening the organization, I express the opinion in the conclusion of my evaluation that the potential of the organization does not warrant the expense and effort of reorganizing it.

In the case of SCIS, on the other hand, I concluded that there is excellent potential for strengthening the organizations, and I provided a detailed program of recommendations, which I believe can be implemented by SCIS, with help from FUSADES.

At the beginning of my assignment it was difficult to pin down the management of FUSADES as to just what they expected from the project within the framework of the general description. (This was reflected in the inordinate delay in their approval of my Project Work Plans). In a large part, this was due to a reluctance on the part of FUSADES administrative personnel to speak frankly about the real nature of the project (see N#5 below) or to make any decisions of their own. They expected all frank discussion of the project and any decision to come directly from FUSADES President, Roberto Murray; unfortunately, while he is deeply interested in FUSADES and in the project, he is a very busy person and this is only a volunteer activity on his part to which he is unable to give a great deal of his time.

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EXHIBIT C-2

VOLUNTEER EXECUTIVE'S REPORT OF ASSISTANCE RENDEREDProject No. 13173 Country EL SALVADOR

2. How do the results achieved compare with the baseline conditions and goals outlined in paragraphs 1 and 2 of Exhibit B-17?

I completed the goals of my specific project, which were to evaluate the present status of the two subject organizations and to develop a program for strengthening them. Significant, measurable achievements will not be visible until there has been time for the program I developed to be implemented by SCIS (and perhaps by FENAPES), with the help of FUSADES. (See NP4, below)

3. How will this project benefit the client organization, its employees and/or other people and organizations in ways not obvious from the achievements described in paragraphs 1 and 2?

As an important by-product of this project, I believe that I have been able to nourish a good working relationship between the directors and staff of FUSADES and important leaders and potential leaders of the small business sector. This will be especially useful as FUSADES, which represents small business, moves ahead with its implementation of AID programs to strengthen their small business organizations. I believe I have also been helpful to AID officials by briefing them on the problems of small business in El Salvador and their potential for development.

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VOLUNTEER EXECUTIVE'S REPORT OF ASSISTANCE RENDERED (1)Project no. 13173 Country EL SALVADOR

4. What improvements and changes have already been achieved and what recommendations or plans are still to be implemented? If you were to visit this organization a year from now, where would you look to evaluate the ultimate effect of your work?

Following one of my first recommendations, SCIS has already created an Export Promotion Committee for Handicrafts and Small Industry, and I have had a lot of input into its activity. SCIS has also started implementing other recommendations in areas of membership retention and recruitment and relations with branches in other cities. The major recommendations for strengthening the Society's administration, which are vital to the overall program, will depend upon a grant of seed money from FUSADIS, which I hope will be forthcoming. If I were to visit SCIS a year from now, I would hope to find it with a better equipped office administered by a full-time General Manager and an active membership of at least 1000 with many members working on contracts.

More importantly, I would hope to find many member firms, both in El Salvador and in other cities, expanding their production and employment and marketing their products--as the result of technical assistance and other services supplied by SCIS and FUSADIS, and credits supplied by AID.

In retrospect, is there any way in which this could have been made a more effective project?

I believe that a great deal of my time at the beginning of the assignment could have been saved if people in FUSADES had been completely frank and open about the relationship between FUSADES and AID and the real expectations of the project. Whether they were intentionally "playing games" with me or were merely inefficient in briefing me, I had to discover for myself, as I went along. FUSADES' primary purpose is to serve as a vehicle for implementing AID's private sector industrialization and Recovery Program for El Salvador, and that indirectly my project was part of AID's Associations Strengthening Activity. Once I learned this, it became clear that the goal of my project was not to strengthen business associations per se, but specifically to enable them to work effectively toward the AID/FUSADES objectives of generating employment, income and foreign exchange by promoting and assisting exportation by the small business sector.

IESC Volunteer Executive William A. ...**Best Available Document**

Date: _____
Country: _____
Project Number: _____

CLIENT ASSISTANCE REVIEW

Please check below where changes have taken place in the client's operations as a result of this project. Use specific dollar and percentage increases wherever possible, i.e. employment increased by 10%, or sales increased by \$10,000. Write "N/A" opposite items that are not applicable to this project.

- Increased Production: _____
- Increased Profits: _____
- Increased Sales: _____
- Improved Quality / Quality Control: _____
- Increased Employment: _____
- New Products Introduced: _____
- Improved Cost Control: _____
- Increased Employee Benefits: _____
- Initiated Employee Training: _____
- Developed Ties with Local Community: _____
- Made Capital Investments: _____
- Improved Services to the Public: _____
- Increased Exports: _____
- Future Project(s) Indicated: _____
- Improved Management Efficiency: _____
- Produced Joint Ventures or Agreements with Other Companies: _____

Comments: _____

(Add extra sheets if necessary)

Country Director: _____

Page 4
 SECTION III. Terms of Assistance
 The Requesting Organization and IESC understand and agree that, upon acceptance of the Project and execution of this Agreement by IESC, the following terms and conditions will govern the relationships between them and their respective obligations and undertakings:

1. IESC will select a person who is, in its judgement, the best qualified executive available to undertake the project.
2. IESC will advise you of the name and qualifications of the executive it proposes to furnish to you, together with the date he is available to start. If possible, this date will be the preferred schedule requested by you. If not, it will be the nearest available time.
3. On receipt of this advice, you will promptly confirm scheduled arrival.
4. IESC will, upon receiving your confirmation of the schedule, arrange for the executive's International roundtrip air transportation to the city designated and will provide for his normal maintenance during the period of his assistance to you.
5. You will give the IESC executive your full cooperation and support, including the assignment of an individual within your organization to act as a counterpart to the IESC executive.
6. Upon completion of the Project, you will furnish IESC with a written evaluation of the services rendered by the IESC executive and of the results achieved by him. This evaluation is essential for the maintenance of a high standard of performance in IESC activities. You also agree that for a period of eighteen (18) months after completion of the Project you will not engage the IESC executive to perform any services for you unless the activity is first approved by IESC.
7. As your contribution toward the expenses of the IESC program (including expenses to be incurred by IESC in providing the assistance you have requested), you will pay to IESC, or to its order, the following amount:
 - (a) for the first month of the project or fraction thereof, payable 30 days prior to the scheduled arrival of the executive whom IESC proposes to send to you.
 - (b) per month for the second and each succeeding month during the continuation of the project, payable each month in advance.
 These contribution payments shall be net to IESC; any taxes or other deductions required by local regulation or law shall be paid by you without reimbursement out of or reduction of such payments.
8. You also agree to provide to the IESC executive at your expense:
 - (a) suitable office facilities and secretarial services;
 - (b) interpretation or translation assistance necessary to the successful conduct of the Project;
 - (c) local business transportation to and from the IESC executive's residence and any additional transportation required in connection with the Project beyond that referred to in paragraph 4.
 You will also reimburse the IESC executive for any additional expenses in connection with the Project which are incurred by him at your request and with your prior approval.
9. It is understood that the executive to be made available to you by IESC to assist you will not be deemed to be an agent of IESC and will have no authority to bind IESC.
10. You agree not to bring any legal proceedings or assert any claims against the executive or against IESC or its personnel in connection with the Project.
11. You have indicated the estimated period of time for which IESC assistance is required. Unless a shorter or longer period is hereafter specified and agreed to between you and IESC, the duration of IESC assistance to you (the Project Period) will be the time stated in Section II, (page 2). After the IESC executive commences work, the Project Period may be extended or renewed for additional or subsequent periods by agreement in writing between you and IESC, subject also to the agreement of the IESC executive assigned to the Project. The Project Period may also be shortened by mutual agreement if it appears that the assistance you have requested will in fact be accomplished in a lesser period of time than originally estimated, but this will be done only with your consent.
12. Either you or IESC may terminate this Agreement at any time by fourteen (14) days' prior written notice to the other party. In the event that this Agreement is terminated by IESC, IESC will refund any advance contributions it may have received from you to the extent they relate to a month or portion of a month following such termination.



Agreement

Project no. _____
 Code _____

BETWEEN

INTERNATIONAL EXECUTIVE SERVICE CORPS (IESC)
 8 STAMFORD FORUM, P.O. BOX 10005
 STAMFORD, CONNECTICUT 06904 2005 U.S.A.

and _____
 (NAME OF REQUESTING ORGANIZATION)

SECTION I of this Agreement sets forth background information concerning the Requesting Organization, also referred to hereinafter as "you" or the "Organization". SECTION II is a description of the managerial or technical assistance requested, also referred to hereinafter as the "project". SECTION III states the agreed terms and conditions which will govern the disposition of the project and the relationships between the Requesting Organization and IESC. This Agreement will become effective when signed by you and thereafter approved by an officer of IESC.

SECTION I. Background Information

NAME OF REQUESTING ORGANIZATION		CABLE ADDRESS	TELEPHONE
ADDRESS OF PRINCIPAL OFFICE		LIST NAMES & TITLES OF THREE PRINCIPAL OFFICERS OR PARTNERS	
LEGAL FORM OF ORGANIZATION (corporation, partnership, proprietorship, etc.)			

OWNERSHIP OF REQUESTING ORGANIZATION

A. What percentage, if any, is owned by local government or governmental agency?

B. What percentage, if any, is owned by a foreign corporation or corporations?

C. If there is ten percent or more ownership by a person or persons who are not citizens of the country in which the Requesting Organization is located, state the name or names of such persons, their nationality and their percentage of ownership.

ALTERNATE SOURCES OF ASSISTANCE

A. Has assistance been received from IESC in the past? If so, list Project Numbers below.

B. Have you received managerial or technical assistance from other sources in the past or are you now receiving it? If so, give full details.

C. Has the assistance requested of IESC also been sought from other sources, local or foreign? If so, give full details.

DATE _____

 (NAME OF REQUESTING COMPANY OR ORGANIZATION)

 (SIGNATURE OF OFFICER OR PRINCIPAL)

PLEASE TYPE NAME OF OFFICER _____ TITLE _____

APPROVED _____
 INTERNATIONAL EXECUTIVE SERVICE CORPS

DATE _____ SIGNATURE _____ VICE PRESIDENT

I recommend approval of this request for assistance and Agreement:

SIGNATURE _____

Director of Operations for _____ (Country)

DATE _____

(Type in return address of field office above.)

PRINCIPAL BUSINESS ACTIVITIES: (Describe the products or services offered. Identifying the product is not sufficient; we must know whether the organization is a manufacturer, a wholesaler, a retailer, etc. Attach catalogs or brochures, if available.)

WHERE AND HOW ARE THESE PRODUCTS OR SERVICES SOLD?

If the Organization manufactures under license from a foreign company or sells as an exclusive local sales agent for a foreign company, list the names of all foreign licensees and the products manufactured under license and/or foreign principals and the products sold as their agent.

LOCATION OF MANUFACTURING PLANTS	LOCATION OF BRANCH SALES OFFICES	LIST NAMES OF ANY SUBSIDIARIES	
Annual sales volume for each of last three years in U.S. dollars at official exchange rate (If financial statements are available in English, attach latest annual Profit and Loss Statement and Balance Sheet)	YEAR ESTABLISHED	NUMBER OF EMPLOYEES	
19__ US\$ _____	19__ US\$ _____	19__ US\$ _____	

SECTION II. Request for Assistance.

Estimated time for which IESC assistance is required: MONTHS	Working headquarters of IESC executive will be: (ADDRESS)	Percentage of time which IESC executive will be required to travel outside of this working headquarters: (Such travel will be at client expense) %
DESIRED STARTING DATE		

NOTE: The normal time required to recruit a fully qualified executive and place him in the field is 60 to 90 days. However, some very difficult categories may require more than 90 days. If this should occur, what is the latest acceptable starting date?

If the start of the project is dependent on the acquisition of new equipment or the completion of buildings now under construction or any other contingency which might delay the start, please explain fully.

ASSISTANCE REQUESTED OF IESC

Describe as specifically as possible the circumstances which prompt this request for assistance and the work which the IESC executive will be expected to perform. If assistance is required in two or more areas, indicate the order of priority. To ensure the selection of the best qualified executive for this project, provide all relevant information such as manufacturing equipment and processes, marketing and distribution channels, financial structure, etc.

COUNTERPART TO IESC EXECUTIVE

What is the name and title of the individual in the client organization who will be assigned to work with the IESC executive and play a leading role in the project implementation?

Attach a continuation sheet if necessary.



INTERNATIONAL EXECUTIVE SERVICE CORPS

CONDOMINIO TORREMOLINOS, 79 AV. NTE. Y 3a. C. PTE. APT. No. 11,
 COLONIA ESCALON, SAN SALVADOR, EL SALVADOR.

PLAN DE CONTRIBUCION - IESC El Salvador

- Programa para asesoramiento técnico
- Duración: 3 meses

Gastos de viaje ida/vuelta (2) del Ejecutivo y su esposa.....	US\$ 1,600.00
Viáticos (incluye hotel, alimento, lavado de ropa, etc.)	
US\$100.00 por = US\$3,000.00 al mes. Estadía: 3 meses.....	US\$ 9,000.00
Gastos de reclutamiento.....	US\$ 1,400.00
TOTAL contribución por un proyecto de 3 meses.....	US\$ 12,000.00 =====

El pago será en colones al cambio paralelo y la forma de pago será así:

20% (US\$2,400.00) al aceptar el candidato y fijar fecha de llegada a El Salvador.

30% (US\$3,600.00) 30 días antes de la llegada del voluntario

25% (US\$3,000.00) cada mes adelantado.

Pedimos que el cliente proporcione una contraparte para trabajar con nuestro Ejecutivo, para que haya transferencia de tecnología directa. Si el contraparte no habla inglés, tendrá que poner un traductor según necesidades.

También pedimos transporte local para el ejecutivo que lo lleve del hotel al lugar de trabajo, tanto de ida como de regreso.

Si el ejecutivo por algún motivo (ejemplo: accidente), no puede hacer el trabajo, IESC mandará otro ejecutivo sin costo adicional.