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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

GUATEMALA

PROJECT PAPER

ENTREPRENEURIAL DEVELOPMENT

AID/LAC/P-474

Project Number: 520-0380

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____	DOCUMENT CODE 3
2. COUNTRY/ENTITY GUATEMALA	3. PROJECT NUMBER <input type="checkbox"/> 520-0380 <input type="checkbox"/>		
4. BUREAU/OFFICE LAC <input type="checkbox"/> 05	5. PROJECT TITLE (maximum 40 characters) <input type="checkbox"/> ENTREPRENEURIAL DEVELOPMENT <input type="checkbox"/>		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 0 6 3 0 9 2	7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> B. Quarter <input type="checkbox"/> 3 <input type="checkbox"/> C. Final FY <input type="checkbox"/> 9 <input type="checkbox"/> 0		

8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY 89			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	55	212	267	331	919	1,250
(Grant)	(55)	(212)	(267)	(331)	(919)	(1,250)
(Loan)	()	()	()	()	()	()
Other U.S.	1. _____					
	2. _____					
Host Country		809	809		4,626	4,626
Other Donor(s)						
TOTALS	55	1,021	1,076	331	5,545	5,876

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) PSEE	701	840				1,250		1,250	
(2)									
(3)									
(4)									
TOTALS						1,250		1,250	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) 831 839 150 100	11. SECONDARY PURPOSE CODE 731
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code BU BL	
B. Amount	

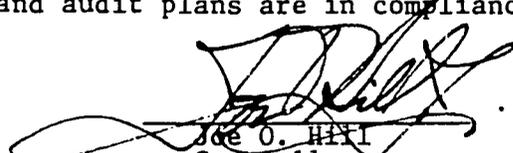
13. PROJECT PURPOSE (maximum 480 characters)

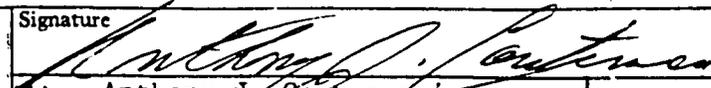
To improve the efficiency, quality, productivity and competitive position of small- and medium-sized enterprises in Guatemala and encourage their establishing joint ventures with U.S. firms.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 0 1 9 1 0 5 9 2	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify) _____
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

I certify that the methods of payment and audit plans are in compliance with the payment verification policy (Page 24).


 Joe O. Hill
 Controller
 USAID/Guatemala

17. APPROVED BY	Signature  Title Anthony J. Caferucci Mission Director	Date Signed MM DD YY 07 14 89	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
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PROJECT AUTHORIZATION

Name of Country: Guatemala
Name of Project: Entrepreneurial Development
Number of Project: 520-0380

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Entrepreneurial Development Project for Guatemala, involving planned obligations of not to exceed \$1,250,000 in grant funds over a three year period from date of authorization subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is three years from the date of initial obligation.
2. The project consists of supporting the International Executive Service Corps (IESC) in its efforts to improve the efficiency, quality, productivity and competitive position of small- and medium-sized enterprises in Guatemala and encourage these enterprises to establish joint ventures with U.S. firms.
3. The Operational Program Grant (OPG) Agreement which may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

Commodities financed by A.I.D. under the project shall have their source and origin in the United States (A.I.D. Geographic Code 000), the cooperating country, or other countries included in the Central American Common Market, except as A.I.D. may otherwise agree in writing.

Except for ocean shipping, the suppliers of commodities or services shall have the United States, the cooperating country, or other countries included in the Central American Common Market as their place of nationality, except as A.I.D. may otherwise agree in writing.

Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.



Anthony J. Cauterucci
Director, USAID/Guatemala

7/14/89
Date

PROPOSAL FOR OPERATIONAL PROGRAM
GRANT PRESENTED TO USAID/GUATEMALA

TOTAL OPG REQUEST: \$1,250,000

PROJECT TITLE: Entrepreneurial⁷ Development (OPG)

PVO NAME AND LOCATION: International Executive Service Corps
Edificio Cámara de Industria
Ruta 6, 9-21, Zona 4 / 6to Nivel
Guatemala, Guatemala

PVO HEADQUARTERS: P.O. Box 10005
Stamford, Conn. 06904-2005

CONTACT PERSON: Luis F. Moreno

DATE OF SUBMISSION TO AID: April, 1989

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I. EXECUTIVE SUMMARY

The International Executive Service Corps (IESC) proposes a project aimed at developing small and medium size enterprises in Guatemala. The total cost of the proposed three year program is \$6,596,877, of which \$1,250,000 (18.9%) is being sought from USAID/Guatemala. The remaining funds will be provided by the counterpart entities, including client firms (8.7%), volunteer technical advisors (59.3%) and the IESC home office (13.1%). The project will be administered by the IESC/Guatemala office, under the supervision of the Country Director.

The project consists of two principal activities: Technical Assistance and Trade and Investment Services. IESC/G has recently completed an activity similar to the TA component, financed, in part, under USAID Grant 520-0337. This experience has encouraged IESC to seek support to expand this effort in terms of number of client firms, economic focus and geographic distribution. Special attention will be given to rural areas, export-oriented enterprises, agribusiness and women-related opportunities. The technical and management assistance required will be identified by IESC field officers (Promoters) and provided by U.S. experts recruited by IESC headquarters.

The second element, Trade and Investment Services (TIS), is directed at identifying and promoting specific Guatemalan/Friendship and Trade relationships and co-ventures. The services include information transfer between potential partners, market research and assistance in negotiating agreements. The TIS network is already functioning overseas, and the US support side is well developed. In Guatemala, the program will be managed by the TIS Project Officer, under overall supervision by the IESC Country Director.

It is proposed that by the end of the project period at least 150 small and medium size businesses will have received TA through the program and over 30 co-ventures or cooperative business activities will have been initiated between Guatemalan and U.S. firms. It is estimated that the project will

result in 4,500 new jobs, \$450,000 of new investment and over \$4,500,000 in value of new production.

I. INTRODUCTION

Reactivation of private investment and export development are a centerpiece of current GOG policies. With the private sector accounting for 85 percent of GDP, the economic recovery and future development of Guatemala depends heavily on the success of these efforts.

Prior to 1980, Guatemala enjoyed decades of steady economic growth which came to an end in 1980-81 due to the combined effect of regional political instability and capital flight, declining export commodity prices and counterproductive macroeconomic policies. These factors contributed to cause a prolonged recession in Guatemala during the first half of the 1980s, and reduced real per capita income by 16.5 percent. This period also brought a substantial decline in both public and private investment, falling from 12.0 percent of GDP in 1980 to 7.6 percent in 1985.

Guatemala is now on the road to recovery and economic expansion. Toward this end, significant changes and progress have been made in policy areas which have controlled inflation, stabilized currency and encouraged production. It is more difficult, however, to induce the adjustments needed to link Guatemala firmly to the broader world economy, and enable Guatemalan enterprises to participate effectively in competitive world markets.

An important area of underutilized opportunity for increased product and services output is the small and medium enterprise (SME) sector. In most countries SMEs are a major source of income and employment generation; yet, in Guatemala this potential remains largely unrealized. An AID commissioned survey (The Cowan Report) in 1986 showed that SMEs comprised only 6% of companies in the Mercantile Register (1984) and 14% of employers registered with Social Security. While these figures probably underestimate the exact participation of SMEs, they show there is a wide range for improvement in their contribution to the economy. The following table summarizes the Cowan Report calculations:

TABLE 1: Employment and Number of SMEs (1986)

<u>Employee Range</u>	<u>Employee Average</u>	<u>Number of Firms</u>			<u>Total Employees</u>
		<u>Ind.</u>	<u>Com.</u>	<u>Serv.</u>	
10- 19	14	500	353	515	19,152
20- 49	34	386	272	398	35,904
50-100	75	162	114	167	33,225
TOTAL		1,048	739	1,080	88,281

An important finding of the Survey was that the majority of SME owners were optimistic about their firm's future, and had ideas about expansion and diversification. The indicators presented in the Survey regarding the need to increase the participation of SME, and the willingness to do so on the part of small and medium size entrepreneurs, strongly encourage and re-enforce an IESC program to target this sector for technical and management assistance.

II. BACKGROUND

A. The Problem:

Small and medium size enterprises (SMEs) have not realized their potential as sources of employment and income in the Guatemalan economy.¹ This failure is of particular importance in businesses of this size which are characterized by their,

- * intensive use of labor;
- * low cost of job creation;

¹ For purposes of this proposal a small enterprise is defined as having 10 to 49 employees and a medium size business as employing between 50 and 100 persons. Sizes under and over these ranges would be classified as micro and large businesses, respectively.

- * use of affordable and available technology;
- * use of nationally produced Intermediate Inputs; and,
- * adaptability to both domestic and export markets.

However, In spite of the promise that the SMEs offer, several barriers prevent that promise from being achieved. The Cowan Report identifies and summarizes several of the critical barriers, among which are:

- * Lack of financing and working capital;
- * Worker and supervisor training deficiencies;
- * Lack of management and technical skills; and,
- * Lack of awareness of market alternatives.

The inability of the SME sector to grow, has contributed to a concentration of productive (goods and services) capacity at both extremes of the size spectrum. Whereas the SMEs provide about 90,000 job opportunities, microenterprises provide over 1,000,000. (See Table 1). While this concentration may not be inherently bad, it does greatly restrict the economy's adaptability and diversity normally provided by SMEs.

A second important barrier to the SMEs playing their potential role as conduit for a more equitable distribution of national wealth is their geographic concentration in urban areas, and especially in the Department of Guatemala. Nearly seventy percent of SMEs, and resulting employment opportunities, are found in and around the capital city, to the detriment of programs designed to slow rural/urban migration and stimulate rural development.

B. Project Objectives

In view of the situation in Guatemala relative to SME development and contribution to the national economy, IESC proposes that this project do the following:

- * **Project Goal:** To promote economic growth and broader based wealth distribution by strengthening small and medium size enterprises.

- * **Project Purpose:** To improve SME efficiency, quality, productivity, delivery time reliability and competitive position through managerial and technical assistance; and, assist Guatemalan and U.S. firms increase international market participation through cooperative ventures.

These two objectives will be addressed through the two project elements:

- * Technical Assistance (TA/SME)
- * Trade and Investment Services (TIS)

C. Relationship to Guatemalan Government (GOG) and AID Strategies and Activities

1. GOG Activities:

During the past three years the GOG has taken important steps to improve the climate for business in Guatemala, especially with respect to export-oriented activities. As the institutional and policy environment improves, enterprise specific actions must be taken to

enable businesses to take advantage of these changes. Investigation by the PED office of the USAID/Guatemalan Mission has revealed that institutional and policy issues are often ahead of small and medium size business capability to successfully enter market situations. In this respect, the IESC program complements the GOG efforts, working from the private sector side to eliminate technical and managerial conditions as limiting factors to growth.

The GOG has negotiated over \$150 million in private sector credits with the World and Interamerican Development Banks to support

Industry reactivation and expansion. The proposed IESC project offers two critical elements to enable SMEs to participate in these programs: Technical Assistance and Market Identification.

2. USAID Activities:

The USAID/Guatemalan private sector strategy concentrates on four broad areas of emphasis, two of which would receive direct impact from the IESC project:

- a) "Technical assistance to strengthen the institutional capacity of organizations that represent or serve the private sector"; and,
- b) "Technical assistance, access to credit, and other interventions to facilitate entry into the formal sector market economy of the large number of small and microenterprises which now operate marginally in the informal sector".

Within this area of AID focus, several elements are identifiable for which the project has specific application:

- * Orientation toward small and medium enterprises;
- * Priority on women owned and/or managed businesses;
- * Special attention on rural areas;
- * Special consideration to agribusiness; and,
- * Specific concern for non-traditional export activities.

This project focuses on the Guatemalan private sector, building on the substantial economic and institutional base which already exists. Its approach is to work with established organizations to leverage resources already in place and, above all, to promote Guatemalan ideas, assist Guatemalan initiatives, and capitalize on Guatemalan energies.

D. IESC Experience

This project is designed to enhance IESC's ongoing support to business development activities concerning the strengthening of local private sector enterprises and institutions, and particularly small and medium size organizations.

IESC is one of the oldest and best known enterprise development programs of the United States. IESC was established in 1964 as a joint undertaking by U.S. government and business to help the economic growth of developing countries. It operates a Country Director System with offices in 35 countries. Its work force consists of thousands of volunteers with extensive and successful experience, who are highly qualified business executives and technical advisors, mainly from the U.S. retired business community. IESC has 120 CEOs as members of its Board of Directors and U.S. Advisory Council and over 300 field associates in every major city of the United States. Its 800 corporate supporters are the largest organized community of the U.S. companies supplying international technical assistance. IESC is an AID registered PVO.

As of September 1988, IESC had completed over 11,600 successful projects in 87 countries. In Guatemala, since the initiation of the program in 1967, over 300 projects have been finished, 108 within the past three and one half years. In March 1985, IESC/Guatemala received a \$200,000 grant from USAID Project 520-0337, through CAEM and FUNTEC, to provide a technical assistance component for the project. Under that grant, 52 technical assistance sub-projects were completed, 65% of which were with small businesses, and 35% with medium size enterprises. (Annexes 1 and 2). In summary form, the results of IESC activities were:

- * Increased employment;²

² 754 jobs, with an annual payroll of over Q2.1 million.

- * Increased output, sales and profit (43 cases);
- * Increased capital investment (27 cases);
- * reduced waste and equipment downtime (29 cases);
- * Improved product quality (39 cases);
- * development of new markets (21 cases);
- * reduced unit costs (21 cases);
- * Increased exports (27 cases); and,
- * Increased use of locally produced intermediate products (35 cases).

III. PROJECT DESCRIPTION

IESC proposes to undertake a three-year nation-wide program which will increase levels of employment, income, productivity and economic growth in Guatemala by offering specialized technical assistance to privately owned productive enterprises, and by stimulating the demand for and the supply of venture and trade/investment opportunities in the country.

Technical Assistance - In order to confront the disadvantages that SMEs often encounter when trying to compete in domestic and export markets, IESC will provide technical and managerial expertise oriented toward:

- * Establishing cost-effective ways of improving access to new markets, technologies, and opportunities in fields such as product design and industrial engineering;
- * Developing improved management/financial systems and business practices for the efficient delivery of goods and services; and,
- * Increasing the ability to formulate marketing strategies and to sell goods and services in domestic and external markets.

This activity intends to continue, enhance and further develop IESC's existing AID or USAID supported technical assistance program in Guatemala. The

economic, financial and sociocultural feasibility of this program has been demonstrated by the successful and high quality performance of IESC under the Private Sector Development Coordination Project No. 520-0337.

Trade and Investment Services - IESC has a global Trade and Investment Services (TIS) program, into which the IESC/Guatemala office would be incorporated. The two basic objectives of the TIS program are to:

- * Strengthen developing country private sector institutions (i.e. chambers of commerce, associations, etc.) and establish long-term client bases in that country and the United States; and,
- * Seek and encourage joint and cooperative venture arrangements between U.S. and developing country enterprises, and promote other activities, such as co-marketing, production drawback and licensing, which are attractive to many U.S. firms because of minimized equity exposure.

A. Technical Assistance (TA/SME)

The technical assistance element of the project will consist of three principal activities:

- * Management and technology transfer to local businesses;
- * Development and strengthening of indigenous business associations; and,
- * Creation of a Guatemalan technical assistance volunteer program.

1. Management and Technology Transfer:

- a) Client Services: In order to identify and serve project beneficiaries, the IESC Country Director (CD) and/or staff personnel will respond to inquiries for technical assistance from local businesses, making an initial visit to the potential client, preferably in the latter's place of work. The staff person will

make an evaluation of client needs and capabilities and indicate the required contribution of the client (fee, counterpart, working conditions, interpreter, logistics, etc.). If both parties concur an agreement will be drafted and forwarded to IESC headquarters for final approval and for the identification of a volunteer expert, whose qualifications would then be submitted to the client for acceptance.

Upon arrival to Guatemala the volunteer executive (VE) assesses the needs of the client in areas defined by the contract, formulates a work plan and provides assistance according to these needs and plan. At the end of his consultancy the VE presents a written report on activities and recommendations. The client also is requested to make an evaluation of the assistance received. In

addition, between nine and twelve months after the consultancy the CD asks the client for a second report, re-assessing results and informing of subsequent developments.

- b) The Volunteer Executive (VE): The cornerstone of the technology transfer mechanism is the voluntary executive (VE) program under which U.S. experts, principally retired professionals with successful records in U.S. businesses, are matched to the specific needs of a Guatemalan client enterprise, and brought in for consultancy in such problem areas. The length of the assistance is variable, but averages about fifty-two days. The cost to the project of the VE is that of travel, per diem and other direct expenses incurred related to this consultancy; his time is donated to IESC. When feasible, IESC encourages a management seminar at the end of a consultancy assignment through which the experience of the VE can be more widely disseminated. The seminar is organized by the appropriate association (i.e. chamber of commerce, exporters, cooperatives, etc.) and open to interested individuals and members of the sponsoring entity.

- c) Counterpart: IESC requires each client to designate a counterpart to the VE. The counterpart works closely with the VE at all times during the volunteer's assignment in order to be trained by the volunteer and to be able to train other employees in the improved procedures that are taught by the IESC's expert volunteer. The designated counterpart should be at a sufficient level to have the ability to benefit from the volunteer's presence, and the authority to implement improvements and direct the training of others within the client company. In some cases, it will also be appropriate to include local VEs as counterparts, who will then provide on-going assistance to client companies and be available to take on additional clients, thus multiplying the effect of the U.S. VE consultancy.
- d) Program Promotion: Promotion of the IESC program is becoming a less critical aspect of client identification. Currently, the majority of clients seek out the services of IESC, now that the program has had wide publicity within the business community. However, the IESC/G office continues to aggressively solicit inquiries and applications for assistance; especially in those areas (organizational and geographic) somewhat outside of the mainstream. Personal contact by IESC staff, direct mailings, press releases and promotional literature are all being used to reach the more remote potential client.
- e) Client Fees: It is a principle of IESC to charge every client for its services, believing that what is given away may not be fully appreciated. However, to encourage the development of projects with smaller enterprises, IESC will continue to charge small clients less than large clients. The larger enterprises' contributions, which are obtained under other elements of IESC/G's total program, will help offset the cost of providing technical assistance to small firms. The relative contributions of previous Guatemalan clients to the cost of technical assistance

are demonstrated in Annex 2, and are based on ability to pay, cost of services and value of the service to the client and to the national economy.

f) Language Proficiency: While top business leaders with whom VEs work in Guatemala usually speak English, middle management and workers generally do not. Yet, to maintain program effectiveness, IESC will continue to seek the best qualified volunteer for an assignment as the primary requisite; volunteers with language ability will be sought subject to unquestioned technical competence. Again, the local volunteer executive program will provide a mechanism to help overcome language barriers in many instances where their use as counterparts is feasible.

2. Institutional Development:

As a general practice, the IESC Country Director and staff will work with indigenous management associations to assist them in their efforts to develop training and business skills to improve their programs. Some of the associations IESC will target are the various business chambers (e.g. the Chamber of Entrepreneurs - CAEM), Guatemala Management Association, Non-Traditional Products Exporters Guild, FUNDAP and cooperatives. This will be an on-going effort, aimed primarily at improving the services that these organizations offer to their members, and to the development of the business sector.

3. Guatemalan Volunteer Executive Program:

There is a large pool of untapped human resources in Guatemala under much the same circumstances which existed in the United States at the time of the founding of the IESC. The project will endeavor to utilize these resources, incorporate them into the IESC program and work toward establishing a national capability of volunteer executives to complement and expand the activities begun by IESC.

In the initial phases of the program the IESC country director and staff will take the lead in encouraging a voluntary executive program. In collaboration with this program, and to strengthen the IESC/G operational base, volunteer executives brought to Guatemala by IESC will have a two-fold objective:

- * Technology transfer to the local client; and,
- * Skill enhancement of the Guatemalan volunteer executive.

The latter function will be achieved by associating Guatemalan VEs with the IESC program as project counterparts, through the seminar activity and through efforts of the IESC/G country office. The local VE would be an expert source for rapid response technical assistance, with intimate knowledge of the business climate, and at much lower cost to the client and the IESC program.

B. Trade and Investment Services/Guatemala (TIS/G)

The International Executive Services Corps has established and manages a Trade and Investment Services (TIS) program which enhances IESC's ongoing support of business development activities. The TIS program, by setting up a small office in the local country and providing services in the United States, can establish an extensive industry promotion capability with long-term follow-up using IESC volunteer executives.

The TIS program is designed to build on and expand the operating network of IESC Volunteer Executives. IESC Volunteer Executive (VE) expertise will help develop and carry out unique, industry-specific business development strategies and contact programs. In concert with the TIS developing country staffs, IESC Volunteer Executives will identify, link and provide venture planning assistance to client firms interested in joint and cooperative ventures with U.S. partners. In addition, these Volunteer experts will develop outreach to appropriate U.S. companies and technology suppliers and provide the follow-up support necessary for successful venture development.

One critical IESC objective in the design of this program is the strengthening of developing country private-sector institutions (i.e., chambers of commerce) and the establishment of long-term substantial client bases both in the developing country and the United States. Special attention will be placed on seeking TIS opportunities in rural areas, and associations of businessmen outside of Guatemala City will be targeted for an aggressive TIS/G campaign (e.g. Gremial/Quetzaltenango, FUNDAP, secondary city Chambers of Commerce, etc.).

The TIS/G Project Officer will play an active liaison role between US businesses and the Guatemalan private sector institutions (e.g. CAEM). Through letters of understanding subscribed to by IESC/G and each participating institution the obligations and responsibilities in the TIS process will be delineated. The TIS/G Project Officer will be the key figure in maintaining interaction between the interested parties. Another objective of the TIS program is to seek and encourage new forms of joint and cooperative venture activities between U.S. and developing country enterprises, such as co-marketing, production drawback, licensing or other business relationships attractive to many U.S. firms because they minimize equity exposure.

The Trade and Investment Services component will enable IESC/G to identify and assist Guatemalan private sector enterprises seeking joint and co-venture business with U.S. companies, and vice versa, and to promote joint and co-venture opportunities which may be developed under the Project. This element will concentrate on six economic sectors, to be determined by IESC/G. The criteria for selecting the sectors will be developed in the first ninety days of the project, and submitted to USAID/G for approval before being applied to the selection process. These sectors will be researched and sector strategies developed, two at a time. The IESC/U.S. office will recruit Volunteer Executives (VEs) with special knowledge and experience in each of the sectors, form expert committees to develop unique, aggressive industry specific strategies and select individuals to coordinate these efforts and be designated as Sector

Captains. These Sector Captains will be responsible in the U.S. during the life of the Project for the recruitment, research and promotion necessary for Project Implementation. In addition, TIS will have a full-time U.S. project officer and staff assigned to the Stamford IESC office to back-stop TIS/G activities. The VE Sector Captains will travel to Guatemala with the U.S. Project Officer, and with participation of the Guatemala Project Officer, produce the initial sector analysis and strategy reports, which will be reviewed by IESC/G and IESC/U.S. The strategy reports produced will not be firm specific, but rather, document which may be used to increase understanding of the target sector and as an informational document for potential U.S. joint and co-venture partners. When reports have been produced for the first two sectors, the TIS/G Project Officer will initiate activities before strategy development on a second set of sectors is begun. In summary the major steps in the process are the following:

- Sector identification and selection criteria developed by IESC/G and approved by USAID/G;
- Priority sectors determined;
- U.S. Team and Team Captain named by TIS/US;
- Evaluation of U.S. conditions in priority sectors by VE Team;
- Evaluation of Guatemalan conditions in priority sectors by VE Team members, Team Captain, TIS Project Officers and Country Director;
- Definition of sector potential in Guatemala, and efforts and changes required to realize that potential;
- Formulation of strategy to match U.S. and Guatemalan firms; and,
- Intervention with both U.S. and Guatemalan firms to create an appropriate business relationship.

Once the first two sectors are identified, TIS/G will operate in three functional areas, toward the goal of collaborative Guatemalan and U.S. business activities:

- * Marketing and promotion;
- * Venture opportunity selection; and,
- * Venture negotiation.

1. Marketing and Promotion:

Based on the sector strategies, and initial contacts made with specific enterprises and associations during the development of the strategies, TIS/G, with VE assistance, will undertake sector-specific marketing and communications investigations to identify and initiate development of venture opportunities in Guatemala.

(Note: The same activities will be progressing in the U.S. through the AID/PRE portion of the IESC/TIS Project). As a first step, Sector Investment Promotion (SIP) plans will be developed by a group of IESC VEs working with local institutions and business groups. A SIP is a practical work plan for venture development in a particular industry. A study of the local sector is essential to the design of the strategy. When appropriate, IESC will draw on experience in other countries. These plans will complete the sector investigations, describe the sector, and specify the how, who and when of marketing and promoting joint and co-ventures. The need, timing, form and function of activities such as trade fairs, trade missions and other marketing and promotion programs will be identified in the SIPs. At this point, a marketing and promotional campaign will be begun to identify and attract local business with interest and attributes suitable for establishing contacts with U.S. companies. These activities will include sector-specific direct mail and advertising campaigns, newsletters to target audiences, press releases and media events designed to increase awareness of and interest in business opportunities with U.S. firms.

2. Venture Opportunity:

Once the first sector strategies have been formulated IESC headquarters in the United States will work closely with the IESC/G office to establish and promote contacts with U.S. business to ascertain interest, to evaluate joint and co-venture potentials and to plan for the realization of business-to-business deals. Reconnaissance trips, planning workshops, tradeshow, industry association meetings and other active contact activities may be utilized to identify and enable discussions with potential business partners. Newsletters and VE trips to Guatemala will also support the efforts of the Guatemala Project Officer to identify potential TIS clients. This is the first point in the project where efforts will be turned to the identification and promotion of specific joint and co-ventures.

(Note: Target of opportunity matching may have already taken place. This Program Description is intended to provide a general framework for the attainment of Project objectives over the life of the Project. There may have been opportunities to facilitate joint and co-ventures at any time previous to this point in Project implementation, either in priority sectors or outside of these sectors, and these opportunities will be acted upon as they arise. Also American Business Linkage Enterprise (ABLE) (see Annex 3) research activities, as provided for in the PRE/W-IESC/US Core Agreement, may be productive inputs to the TIS process, and may take place at any time during the life of the Project).

3. Venture Negotiations:

the Project will assist potential business partners to think through identified opportunities and draw up detailed action plans which may be implemented independently by the concerned enterprises, or, if not spontaneous, the Project will help identify resources, information and the method to access such needs so that the U.S. and Guatemalan enterprises may successfully consummate their business agreement.

Especially important is the role of the Team Captain and/or a VE in assisting the Guatemalan SME in the negotiation process. These individuals will bring a wealth of knowledge, skills and personal experience to the negotiating table; and, having acquaintance with both negotiating parties, will act to instill an atmosphere of confidence and familiarity in situations otherwise subject to the doubts and formality which characterize the meeting of two different cultures.

C. Project Beneficiaries

The selection of small and medium size enterprises as the target for the IESC program is based principally on the capacity of potential clients to benefit from the services and recommendations of the volunteer executives. In this sense, the proposed project serves to complement the heavy commitment of the Mission's Private Sector resources on micro-enterprise (one to nine employees), with its particular technical and administrative structure which limit its range of action and alternatives. The window of opportunity targeted in the IESC/SMED project is toward those enterprises capable of incorporating the technology determined appropriate by VEs, and of implementing investment and marketing strategies. Subject to these criteria, which match the level of expertise of the VE and the absorptive capacity of the clients, several areas have been determined in order that the project remain consistent with AID priorities and development objectives:

- * rural enterprises (23%);
- * agribusiness (25%);
- * enterprises in which women are principal participant (29%);
- * export orientated businesses (52%); and,
- * employment generation (50%)

This emphasis, in fact, will build upon the achievements under 520-0337, for which the percentage of projects touching each of these priority

areas is indicated by the numbers in parentheses in the above listing. Rural enterprises are considered to be all those outside of Guatemala City. The figures for employment indicate those businesses in which levels increased; and those for exports show where firms initiated or expanded exports as a result of IESC technical assistance. Several enterprises fall within multiple business categories (i.e. rural and agribusiness) and experienced increases in export and/or employment as a result of IESC assistance; therefore, percentages total more than 100%.

IESC will select small and medium businesses from among as wide a prospective pool as possible, and will make follow-on consultancies when there is a technical justification for doing so. Experience has demonstrated that return consultancies may be indispensable. During the initial project the IESC expert makes many recommendations designed to improve productivity, personnel safety, quality control, etc. Furthermore, many times the IESC VE recommends the acquisition of new equipment, machinery and/or tools to introduce modern techniques, increase efficiency, improve product characteristics and quality and to reduce costs. These may be implemented only partially during the VEs assignment, and, therefore, make it necessary that the IESC expert return to:

- * Assure correct use of new methods taught;
- * Inspect the installation of the new machinery and equipment (layout, work flow, operation, etc.); and,
- * Develop and implement second stage recommendations.

D. End of Project Conditions

The estimated end of project conditions and achievements, in part based on the experience offered by 520-0337, are presented in Table 2. It is also expected that due to project activities and VE recommendations \$450,000 of new investment will be made, resulting in sales (including export) increases of \$4,500,000 during the life of the project.

TABLE 2: End of Project Conditions.

ACTIVITY	Y	E	A	R	TOTAL
	1	2	3		
Technical Assistance					
Small Business	15	43	42		100
Medium Business	10	20	20		50
Total	25	63	62		150
Trade and Investment					
Coventures	2	6	8		16
Consultancies	4	6	10		20
ABLE Projects	4	9	12		25
Trade Shows	0	1	2		3
Workshops	2	4	6		12
Total	12	26	38		76
Employment Generation (No. of Jobs)					
Technical Assistance	400	1,000	1,600		3,000
Trade and Investment	200	500	800		1,500
T O T A L	600	1,500	2,400		4,500

In addition to the specific projections indicated above, several other positive, though less tangible and predictable, changes are expected in the areas of production quality and costs, worker and management skills and consumer benefits.

Finally, the project will stimulate the organization of a Guatemalan enterprise TA/VE system, which will be functioning in project year three; and, through the TIS program a Guatemalan - U.S. trade and investment network will have been established.

IV. IMPLEMENTATION, METHOD OF PAYMENT, AND EVALUATION

Project implementation and evaluation will be the sole responsibility of IESC/G, with IESC/U.S. providing support in U.S. located activities and as defined by the IESC organizational structure and the AID/PRE-IESC/US Core Agreement. The method of payment will be directly with IESC/G on a reimbursable authorized expenses, or on periodic advances.

A. Project Implementation

To provide project execution and oversight consistent with IESC and USAID objectives, a program officer will be hired for each new activity, viz. TA/SME and TIS/G. (Annex 4) For the TA/SME, therefore, there will be two staff persons; one with a major focus on rural (30% of time in Quetzaltenango, Antigua, Mazatenango, Escuintla and Coban) and the other on women related enterprises. The TIS/G activity will be managed by the new staff professional. Overall Supervision and programming will be the responsibility of the IESC/G CD. (Annex 5)

Grant financing will be used for equipment and supplies in support of program activities. These will be procured locally in accordance with USAID and IESC norms and regulations. Principal items to be acquired include computer and communication equipment to permit up-to-date monitoring of client progress and rapid information exchange with IESC/US and U.S. businesses.

Direct costs for recruiting and supporting the VEs will constitute the largest line item expense. Grant funds will pay approximately 65% of those costs for small firm consultancies and 50% for medium size businesses. Client contributions, IESC/US and other sources will cover the balance.

In order to allow IESC/G to meet program costs and commitments in a timely fashion, quarterly advances will be made from USAID to IESC/G, based on projected expenses presented in each detailed annual budget

prepared by IESC/G. This advance will be paid to IESC/G and liquidated within the first thirty days of the following quarter. In this manner the program will be guaranteed sufficient operating capital and USAID can program disbursements to minimize outstanding accounts. Table 9 in Section V, (Financial Plan) indicates the estimated need for foreign exchange (FX) and local currency (LC). The former represents approximately 26% of the Grant.

1. IESC/G and USAID/G Coordination:

- a) Within three months of signing the Grant Agreement IESC/G will submit a three year Implementation plan to USAID, prepare a detailed first-year plan, budget and schedule, a specific staff and commodity procurement plan for the first year, and a general plan for three-year procurement activities. IESC will furnish to USAID the second and subsequent-year work plan, procurement plan, and schedule during the last quarter of the preceding year, specifying all activities to be undertaken during the upcoming calendar year, as well as timetables and the financial resources needed to fund these planned activities. These annual submissions will serve to inform USAID of project activities and to incorporate modifications in response to project progress.
- b) IESC/G will keep the USAID project officer informed of activities through monthly meetings, for which the TA/SME project manager will prepare a short agenda, and via semi-annual reports, which will concisely track project developments, outline problems and reflect coming semester actions.
- c) Annex 1 of the Grant Agreement will reflect that a blanket travel waiver has been extended to cover the entry into Guatemala of IESC staff, Volunteer Executives, Team Captains, and other personnel directly participating in the proposed project. In addition, local procurement of equipment and supplies is authorized in accordance with AID regulations and fair competition practices.

2. Implementation Plan:

Year One

- First Semester:
- a) Recruit TA/SME and TIS/G staff personnel.
 - b) Formulate three-year general and first-year specific action plans.
 - c) procure equipment-computer, communication and office.
 - d) Identify priority sectors, select TIS U.S. Country Captains and assign IESC/US backstop personnel.
 - e) Train staff for TA/SME and TIS/G.
 - f) Exchange visits for staff and Country Captains.
 - g) Formulate design for project and client monitoring system.
 - h) Complete two sector strategy designs.
 - i) Submit semi-annual report to USAID.

- Second Semester:
- a) Complete second set of sector strategy designs.
 - b) Conduct In-house evaluation of project in fourth quarter and present results to USAID as part of semi-annual report.
 - c) Formulate second year detailed implementation plan, reflecting evaluation results. In order to provide sufficient flexibility to respond to evaluation results and possible reprogramming a twenty percent shift among line items will be permitted without prior USAID approval. These shifts will be reflected in the new annual budget.
 - d) Conduct external audit.

Year Two

- First Semester:
- a) Complete third set of sector strategy designs.
 - b) Submit semi-annual report to USAID.

- Second Semester:
- a) Conduct In-house project evaluation in fourth quarter and present results to USAID as part of semi-annual report.

- b) Formulate third year detailed implementation plan, reflecting evaluation results.
- c) Conduct external audit.

Year Three

- First Semester:**
- a) Formulate design and scopes of work for final external evaluation.
 - b) Submit semi-annual report to USAID.

- Second Semester:**
- a) Contract for final evaluation (third quarter).
 - b) Conduct final evaluation (third quarter). Present results to USAID as part of semi-annual report and schedule verbal presentation.
 - c) Conduct final audit (external).
 - d) Propose follow-on activities.

B. Project Evaluation

The installation of computer capacity and appropriate software programming will enable IESC to establish baseline measures and maintain on-going client and project monitoring. This continuous data generation will greatly facilitate periodic performance and implementation evaluation. (Annex 6) The first two annual evaluations will be performed using in-house personnel and resources, and will be used primarily to track project progress and conformity to implementation schedules. The final evaluation will be contracted to an external firm and will focus on both project success, as well as results obtained among the client group.

The evaluation process and use of resulting information, as well as the data obtained during routine client monitoring and surveys, must always be treated as confidential. Client trust is a key factor in the success of the IESC program. Where conflicts arise in the publication or dissemination of information between project reporting and client

confidentiality, the latter must be given preference. Discretion and anonymity will enable both the project and the client to benefit, and assure that IESC is viewed as a professional business organization.

V. FINANCIAL ANALYSIS AND PLAN

The experience gained by IESC/G from the 520-0337 project indicated that there is a wide range of effect that a VE consultancy has on client businesses, and that the meticulous selection of beneficiaries is the best "guarantee" of positive results. Given the diversity of production and organization among the past and future clients of IESC/G, measures of program success are in many respects subjective and imprecise. To present a usable profile of impact, one must consider the DIRECTION of change, as well as, and often in lieu of, the MAGNITUDE of change.

A. Analysis

Using the 520-0337 experience as a surrogate for expected results of the proposed project indicates that the IESC input, coupled with client follow-through, produce a positive and valuable impact.

1. Direction of Impact:

The results of the 520-0337 project evaluation clearly indicate a significant and positive frequency and direction of change in client businesses, measured after a period of nine to twelve months of the completion of the VE consultancy. The indicators presented in Table 3 below show the tendency of project impact in several important areas among the 52 businesses assisted by IESC/G.

TABLE 3: Qualitative Results of IESC/520-0337

<u>IMPACT AREA</u>	<u>DIRECTION</u>	<u>FREQUENCY</u>
Financial		
Profit (Losses)	Increase (Decrease)	83%
New Investment	Increase	52%
Unit Cost	Decrease	40%
Production		
Output	Increase	65%
Product Quality	Increase	75%
Productivity	Increase	67%
Local Input Use	Increase	67%
Marketing		
Sales	Increase	67%
New Markets	Increase	40%
Exports	Increase	52%
Structural		
Employment	Increase	50%
Wage/Salary	Increase	42%
New Technology	Increase	92%

2. Magnitude of Impact:

The total cost of the IESC/G component of the 520-0337 project was about \$1,360,000 (of which USAID contributed \$200,000). It is estimated that as a result of project activities client businesses responded with approximately \$250,000 of new investment in areas recommended by the VEs. These two factors permitted the creation of 754 jobs, yielding an estimated annual payroll equivalent to about \$790,000.

a) Cost/Job

Project Cost	\$1,360,000
Client New Investment	250,000
	<hr/>
TOTAL	\$1,610,000

$$\frac{\text{Cost}}{\text{Job}} = \frac{\$1,610,000}{754} = \$2,135$$

b) Cost Return to Investment

$$\frac{\text{Annual Payroll}}{\text{Total Investment}} = \frac{\$790,000}{\$1,610,000} = 49\%$$

Both of these indicators of benefits versus costs are favorable in that the cost/job created is low (characteristic of SMEs) and the payroll/investment ratio reflects the focus on labor intensive activities.

B. Financial Plan

The proposed project will be funded from three sources, with a total project cost of \$6,596,877, as indicated in Table 4.

TABLE 4: IESC/SME Funding Sources and Amounts.

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
USAID/G	\$1,250,000	18.9%
Client Contributions IESC/US ¹	\$5,346,877	81.1%
TOTAL	\$6,596,877	100.0%

¹ Includes AID/W/PRE Core Grant to IESC/US.

Tables 5 through 8 show in greater detail the annual contribution to the project by source. The time of the VE is donated and the costs associated with his recruitment, travel, stay in Guatemala and miscellaneous other costs are divided among USAID grant funds and counterpart contributions. Of the total project costs 18.9% is funded by USAID and 81.1% by counterpart. Table 9 indicates the foreign exchange and local currency needs in the Grant.

The costs of the TA consultancies are split between client contributions and other sources. For small enterprises the client pays 35% of direct costs, and medium size businesses pay 50%. The calculations for TA/SME are based on fifty-two calendar day consultancies. In certain instances a portion of the consultancy costs will be met by Rotary International. The Rotary Foundation has a world-wide agreement with IESC/US to contribute one-half of the airfare and \$20.00 per day toward in-country living expenses, averaging approximately \$1,000.00 for each consultancy, if the VE is an active Rotary Club member.

TABLE 5: ENTREPRENEURIAL DEVELOPMENT —USAID Contribution (U.S.\$) (Inflated)

ITEM	YEAR			TOTAL
	1	2	3	
PERSONNEL				
TA Promoter (\$ 1,050/mo)	12,600	13,230	13,892	39,722
TIS Project Officer (\$2,000/mo)	24,000	25,200	26,460	75,660
Secretary/Assistance (\$350/mo)	4,200	4,410	4,631	13,241
Secretary (Replacement (\$400/mo)	400	420	441	1,261
Driver (\$185/mo)	2,220	2,331	2,448	6,999
Social Benefits (30% of salaries)	12,906	13,551	14,229	40,686
TRAVEL AND PER DIEM (P/D)				
TA Promoter (10 days /mo at \$30/day)	3,600	3,780	3,969	11,349
TA Vehicle Operation (\$200/mo)	2,400	2,520	2,646	7,566
TA/VE Incidental Expenses	1,000	1,050	1,103	3,153
TIS VEs and Project Officers	15,000	35,000	20,000	70,000
TIS VEs/VCF Airfare and P/D	4,000	9,000	7,000	20,000
VOLUNTEER EXECUTIVES				
TA/VEs: Small Firms at \$4,442/ Project	66,630	206,286	217,608	490,524
TA/VEs: Med. Firms at \$4,283/ Project	42,830	92,513	99,914	235,257
TIS Venture Assistance Fund	5,000	11,000	7,000	23,000
OFFICE				
Rent (\$250/mo)	3,000	3,300	3,630	9,930
Supplies (\$335/mo)	6,420	7,062	7,768	21,250
Communications and Data Mgt. (\$900/mo)	10,800	11,880	13,068	35,748
Promotion and Marketing Materials	3,000	5,000	4,000	12,000
Legal Services (\$300 /yr)	300	315	331	946
Accounting and Audit (\$500/mo)	6,000	6,300	6,615	18,915
Equipment *	11,000	2,000		13,000
Computer (2PCs/Sftware/Train) and Fax	20,000	2,000	1,000	23,000
ABLE Research	4,000	11,000	9,000	24,000
EVALUATION AND AUDIT		7,534	27,466	35,000
CONTINGENCY	5,399	6,638	5,756	17,793
TOTAL USAID	266,705	483,320	499,975	1,250,000

* Office furnishings, photocopier, etc.

23'

TABLE 6: ENTREPRENEURIAL DEVELOPMENT -- Counterpart Contribution (U.S.\$) (Inflated)

ITEM	YEAR			Total
	1	2	3	
CLIENT FIRMS				
TA/VE Small Firms at \$2,392/Project	35,880	113,142	121,561	270,583
TA/VE Med. Firms at \$4,283/Project	42,830	94,226	103,649	240,705
TIS/Venture Ass't Fund				
VE Consultancy				
Small Firms at \$700 each	700	1,540	1,694	3,934
Med. Firms at \$1,050 each	4,200	5,775	7,623	17,598
VE Travel				
Small Firms at \$445 each	445	979	1,077	2,501
Med. Firms at \$896 each	3,584	4,928	6,505	15,017
ABLE Research	4,000	11,000	9,000	24,000
Sub-total	91,639	231,590	251,109	574,338
IESC				
Volunteer Executives				
TA (52 days/project at \$400)	520,000	1,375,920	1,421,784	3,317,704
TIS: Consultancies	20,000	46,000	30,000	96,000
Tech. Ass't and Studies	38,000	92,000	62,000	192,000
TIS/US Value of Volunteer Services (245 days/yr at \$400)	98,000	102,900	108,045	308,945
Sub-total	676,000	1,616,820	1,621,829	3,914,649
Rotary International:				
24 Projects at \$1,000 each	5,000	11,000	8,000	24,000
IESC Guatemala Advisory Council	36,000	37,800	39,690	113,490
TOTAL COUNTERPART	808,639	1,897,210	1,920,628	4,626,477

TABLE 7: ENTREPRENEURIAL DEVELOPMENT -- Annual Funding by Source (U.S.\$) (Inflated)

SOURCE	YEAR			Total
	1	2	3	
USAID	266,705	483,320	499,975	1,250,000
COUNTERPART				
Client Firms	91,639	231,590	251,109	574,338
Volunteer Executives	676,000	1,616,820	1,621,829	3,914,649
Rotary International	5,000	11,000	8,000	24,000
IESC Guatemalan Advisory Council	36,000	37,800	39,690	113,490
Sub-total Counterpart	808,639	1,897,210	1,920,628	4,626,477
IESC/US (PRE/W)				
IESG/G Office Expenses	160,000	168,000	176,400	504,400
TIS/G U.S. Expenses	43,000	104,000	69,000	216,000
PROJECT TOTAL	1,273,344	2,652,530	2,666,003	6,566,877

TABLE 8: ENTREPRENEURIAL DEVELOPMENT -- TA Project Contributions (US\$)

	First Month	Second Month	Total	%
SMALL FIRMS				
Client	1,750	642	2,392	35%
USAID	3,250	1,192	4,442	65%
Total	5,000	1,834	6,834	
MEDIUM FIRMS				
Client	3,000	1,283	4,283	50%
USAID	3,000	1,283	4,283	50%
Total	6,000	2,566	8,566	

TABLE 9: SMALL AND MEDIUM ENTERPRISE DEVELOPMENT -- USAID FX and LC Funding (Inflated U.S. \$ 1,000)

ITEM	YEAR						Total	
	1		2		3		FX	LC
	FX	LC	FX	LC	FX	LC	FX	LC
PERSONNEL		55,780		58,569		61,497		175,846
TRAVEL AND PER DIEM								
In-Country		7,000		7,350		7,718		22,068
TIS VEs and Staff	19,000		44,000		27,000		90,000	
VOLUNTEER EXECUTIVES (25% in \$)	28,615	85,845	78,833	236,499	84,098	252,293	191,546	574,638
OFFICE EXPENSES		60,520		37,857		36,412		134,789
ABLE RESEARCH	4,000		11,000		9,000		24,000	
EVALUATION				2,000	15,000		15,000	2,000
CONTINGENCY	2,973	2,973	3,606	3,606	3,479	3,479	10,057	10,057
TOTAL USAID (Annual Totals)	54,588 266,705	212,118	137,439 483,320	345,881	138,576 499,975	361,399	330,603 1,250,000	919,397 1,250,000

L. Moreno
guatemala

INTERNATIONAL EXECUTIVE SERVICE CORPS

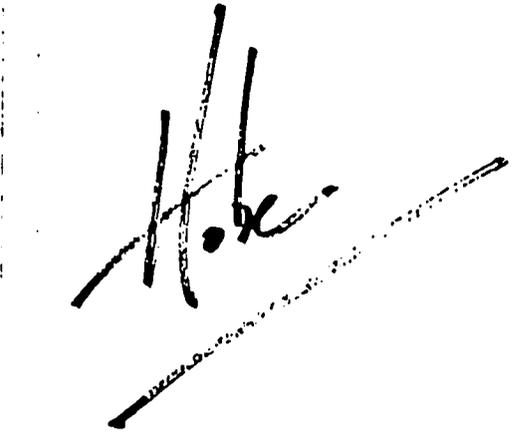
TO: Latin America/Caribbean FROM: Hobart C. Gardiner
Country Directors

RE: USAID Supplementary Grant DATE: March 21, 1989
Clause

If you are currently, or will be in the future, negotiating a supplementary grant or funding under a conditional contract with USAID in your country the language on the attached sheet is to be included in an appropriate place in the final version of the contract.

This language is deemed necessary because of several cases where misunderstandings have developed in regard to how IESC accounts for client revenues.

HCG:dmr
attachment



cc: C. V. Neiswender

IESC-GUATE.
MAR 21 3-4-89
HCG

LANGUAGE TO BE INSERTED IN EVERY MISSION AID GRANT AGREEMENT

No part of this supplementary grant agreement shall abrogate the primacy of the Core Grant agreement between IESC and PRE/AID or any part of it.

According to the Core Grant agreement, "Program income received from private clients in Core Grant countries will, for accounting purposes, be attributed to the Core Grant country portion of U.S. administrative costs only, and the remainder to project expenses in those countries." However, the funds received from such private clients will be expended only in the country of origin.

No portion of U.S. administrative costs will be allocated to the USAID Mission grant. Costs of recruiting Volunteer Executives are charged directly based on the number of project starts.

LOGICAL FRAMEWORK: ENTREPRENEURIAL DEVELOPMENT

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL: Promote economic growth and a broader based distribution of wealth by improving and strengthening small and medium enterprises.	<ul style="list-style-type: none"> * Create 4,500 new jobs; * Increase capital investment by \$450,000; * Increase value of production by \$4,500,000. 	<ul style="list-style-type: none"> * Project baseline data; * Project monitoring; * Project evaluations. 	<ul style="list-style-type: none"> * With effective management and appropriate technology small and medium businesses are profitable and competitive for production and service delivery.
PURPOSE: A: TA/SME -- Improve SME efficiency, quality, productivity and competitive position through managerial and technical assistance; B: TIS/G -- Assist Guatemalan and U.S. companies increase international competitiveness through cooperative ventures.	END OF PROJECT STATUS: <ul style="list-style-type: none"> * TA Consultancies <ul style="list-style-type: none"> Small Firms -- 100 Medium Firms -- 50 * TIS Consultancies -- 20 * ABLE Projects -- 25 * Create IESC-type TA program with Guatemalan volunteers * Trade & investment services network established 	<ul style="list-style-type: none"> * Project monitoring; * Project evaluations; * Signed agreements between clients and IESC/G; * Project files. 	<ul style="list-style-type: none"> * Continued positive image Guatemala among the international business community.
OUTPUTS: A: TA/SME <ul style="list-style-type: none"> -- Increased profits -- Increased production -- Increased sales -- Improved product qual. -- Rural area focus -- Focus on women -- Increased wages B: TIS/G <ul style="list-style-type: none"> -- Investment/export services improved -- Investment/export activity increased -- Targetted industries expanded 	<ul style="list-style-type: none"> * 10% average increase * 15% average increase * 10% average increase * Improved for 80% of clients * 30% outside Guatemala City * 30% women related firms * 25% of clients raise wages * 20 trade and investment consultancies made * 16 joint/co-venture opportunities created * 25 ABLE studies done * 6 Priority sectors selected * 15 Trade show coordinations * 6 Trade show presentations 	<ul style="list-style-type: none"> * Project monitoring * Project evaluations * Consultant reports (See Annex 6 for sample report and contract forms) 	<ul style="list-style-type: none"> * Conditions remain favorable for adopting recommended technology and practices * Conditions remain favorable for Guatemalan exports to the U.S.
INPUTS: Consultant Services Office Expenses <ul style="list-style-type: none"> Personnel - IESC/G Operation/equip - IESC/G IESC/US Travel and Per Diem Evaluation ABLE Research Contingency	<ul style="list-style-type: none"> \$ 5,066,651 \$ 175,848 \$ 134,789 \$ 1,004,896 \$ 129,586 \$ 17,000 \$ 48,000 \$ 20,113 	<ul style="list-style-type: none"> * Project audits * Project annual budgets 	<ul style="list-style-type: none"> * Project activity mix will remain essentially that defined in the proposal reflecting the proportion of small to medium firms and TA to TIS activities

VII. ANNEXES

1. IESC/G: Activities Under USAID Grant 520-0337
2. IESC/G: Projects Completed Under USAID Grant 520-0337
3. American Business Linkage Enterprise (ABLE)
4. Job Descriptions for TA/SME Promoter and TIS/G Project Officer
5. IESC/G: Organization Chart
6. IESC/G: Contract and Evaluation Forms

ANNEX 1: IESC/G - Activities Assisted Under USAID Grant No. 520-0337.

	<u>ACTIVITY</u>	<u>No.</u>	<u>%</u>
1.	Agribusiness	13	25.0
2.	Metal, Electric and Transport Equipment	4	7.7
3.	Wood Products	4	7.7
4.	Textile and Apparel	10	19.2
5.	Marketing and Advertising	8	15.4
6.	Other Industry and Services	5	9.6
7.	Handicraft	3	5.8
8.	Management and Seminars	5	9.6
		<u>52</u>	<u>100.0</u>

EVALUATION REPORT OF IESC ACTIVITIES
UNDER PROJECT No. 520-0337

INTERNATIONAL EXECUTIVE SERVICE CORPS (IESC)

A. BACKGROUND

The International Executive Service Corps (IESC) is a not-for-profit organization that has recruited over 11,000 mainly retired, highly experienced U.S. executives and technical advisors to provide technical assistance to businesses in 35 developing countries. These executives donate their time as volunteers to help improve the performance of firms and organizations all over the world. With headquarters in Stanford, Connecticut, IESC was founded in 1964, and has operated in Guatemala since 1967, having completed 300 projects. IESC responds selectively to requests for assistance from firms by providing experts. The average duration of an assignment is six weeks. Although IESC is a not-for-profit organization and its advisors' services are free, it relies heavily on the client's contribution to meet its operating costs. The client's share of the project cost is based on his ability to pay and the value of IESC services to the client's business.

Applications for IESC assistance are reviewed by the both the Director of Operations and the Guatemalan Representative. The latter then visits the firm to help the client assess his need for technical assistance and explains the program. The Director prepares a written agreement with the client and sends it to headquarters for approval and identification of a qualified expert.

During the first week, the IESC executive works with his counterpart to familiarize himself with the operation. He/she then submits to the client, in a meeting attended also by the Country Director, a detailed work program specifying the estimated duration of the project. At the conclusion of his work, the executive writes a final report which includes recommendations for future actions that the client may carry out on his own. The client presents the IESC local office a performance report of the assistance received. Between nine to twelve months later, the client submits another report assessing the results of the assistance. This helps IESC to evaluate various aspects of its operations in order to improve its performance.

B. ROLE OF IESC IN THE PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT (520-0337)

1. PROJECT ACTIVITIES

The project provided \$200,000 for an IESC Technical Assistance Component to fund technical assistance to small and medium size businesses in such fields as

product design, industrial engineering, accounting and marketing.

An estimated 64 businesses were initially slated to receive IESC assistance. All businesses were to pay the costs of secretarial and translator support, office space and supplies, and local transportation required by the volunteers. In addition, small businesses were to reimburse IESC 25 percent of the cash expenses (i.e., per-diem, insurance and international air fare) incurred by the consultant, with the remaining 75 percent covered by the project grant. Medium businesses were to reimburse IESC 50 percent of the consultants' cash expenses, in addition to local support costs. USAID provided a total of \$250,000 for this activity with FUNTEC receiving \$50,000 in grant funds to offset its costs of administering the promotional activity.

IESC assisted 84 small and medium size firms through 52 projects, 20 more than targeted. The project mix, shown in Table 5, indicates that 25 percent of IESC projects fall under the category of agribusiness as required in the Core Grant.

The team was able to visit nine firms which were randomly selected from their list of 52 projects (See Annex for description of projects). The results indicate that the program has been instrumental in supporting the development of the private sector in Guatemala. All nine firms have been in business between 3 to 29 years. Three of the projects included a new line of production, and the rest were restart projects in all aspects of production and management. All of the businesses registered considerable increases in production and sales, a reduction in production costs and a definite improvement in quality of the product. In addition, 92 new jobs were created as a result of the assistance (Table 5).

A total of 44 firms and non-profit organizations received IESC assistance; eight of them requested a second assistance. Five firms started a system of labor incentives that improved salary levels and productivity. Thirteen of the client beneficiaries were women. Twenty nine firms assisted were small businesses and 15 were medium size. The Annex reports some indicators of the economic impact of all 52 projects. It shows that at least 670 jobs were created as a result of the IESC assistance, 400 of which account for assistance given to the Gremial del Esparrago.

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All clients were fully satisfied with the services rendered by IESC. In most cases, the IESC executive assisted the business in other areas than the one for which he/she was contracted.

2. NON-PROJECT ACTIVITIES

IESC is engaged in the following activities in Guatemala:

American Business Linkage Enterprise (ABLE): ABLE is a research service designed to assist clients in assembling business plans for presentation to financial institutions and to help clients determine the need for investment in further feasibility and engineering studies. ABLE's information service assists developing country firms to examine markets, and provide information on sources of technology, potential licensing, or joint venture partners. A typical study involves 40 to 120 hours of research at a cost of \$30 per hour. A recent study on markets for surgical gloves provided information on qualified importers, U.S. manufacturers interested in distributing this product, and U.S. pricing and quality standards. During the research, ABLE also investigated joint venture options for the client. To date 37 ABLE projects have taken place in Guatemala.

Joint Venture Feasibility Fund (JVFF): The JVFF program is a pilot project that facilitates the growth of the private sector in developing/CBI countries. Sponsored by USAID/Washington, it aims to share technology, and marketing experience in international joint ventures which benefit small and medium size enterprise partners. Nineteen projects have been undertaken in Guatemala under this program.

Trade and Investment Services: IESC is planning to start the Trade and Investment Services Program to build aggressively investment linkages for Guatemalan private sector organizations. This program will target organizations and groups of firms within a given industry and use IESC volunteer executive expertise to develop industry specific strategies and contact programs.

The purpose of the program is to encourage new forms of cooperative business venture activities between U.S. and Guatemalan enterprises, such as co-marketing, draw-back production, licensing, technical assistance agreements, or other business relationships which are attractive to many U.S. enterprises because they minimize equity exposure. The program is committed to implementing systems that will generate new business opportunities and access to international markets. It would establish a strong trade and

investment support program keyed to strategic industries and the needs of local institutions. IESC volunteer experts would carry out strategic industry activities and coordinate project ideas; contact services; and provide follow-up technical assistance. The initial goal would be to carry out eight new business venture agreements per year for three years and create some 800 new jobs.

There has already been interest in this program by the Commission of Furniture Producers of the Gremial de Exportadores for assistance on marketing for export. The Commission consists of 20 small and medium size producers of hand-made furniture. The assistance would be in all aspects of wood processing, including the drying process. IESC has recommended an initial assessment of the problem by an executive in order to establish the needs for the industry as a whole.

C. INSTITUTIONAL ANALYSIS

The IESC Guatemala office is run by the Director of Operations, the IESC Guatemala representative and two support persons: a secretary and an office assistant. The Director of Operations is IESC's legal representative in the country and is responsible for the coordination of activities with headquarters. He meets at a minimum once a month with USAID mission personnel. He endeavors to familiarize himself with the USAID private sector strategy and specific projects in an effort to better assist private sector development in Guatemala.

The Country Representative (executive assistant) maintains a close relation with the Director of Operations. She handles all administrative activities related to the contracts in the country. When a request for assistance is received, she conducts the initial client visit. If she thinks that the project is viable the Director of Operations and the Country Representative visit the client for a second time. In addition, she does the accounting for the office and once a project is being carried on, she maintains a close contact with the client and the executive. She is also in charge of all promotional activities for IESC. Promotion of IESC is done by mailing information to different institutions. Subsidized IESC assistance is only offered in cases where it is seen that there is a need for a project but the client does not have enough funds to cover the full costs of the assistance.

The staff turnover of IESC is low. The Director of Operations has been in the country for four years, the Country representative has worked for IESC six years, the messenger/clerk is the oldest staff member with 14 years on

the job, and the office secretary has been in that post four years. Staff morale is high and they are very committed to the institution.

D. CONCLUSIONS AND RECOMMENDATIONS

IESC is a solid institution which could carry out its activities with limited USAID support. In fact, in their last operating year alone, 45 projects were carried out without USAID support. This implies that the businesses assisted are large enough to absorb the entire cost of bringing the expert.

Recommendation: (USAID should capitalize on the efficiency of this institution and consider continuing its assistance to small businesses through IESC.) If microenterprise activities are emphasized, USAID could successfully pursue projects that would benefit groups of entrepreneurs in rural areas where the need is greatest. Since microbusinesses could not individually afford to pay the costs of an executive, as a group they could contribute with a small portion of the cost and, at the same time, share the full benefits of the assistance. The following alternatives should be considered:

(1) The experience of the pilot project at San Pedro Sacatepequez, Guatemala, could be replicated in other areas, such as the ones recommended in the Kurt & Salmon study: San Pedro Sacatepequez in San Marcos, Cantel in Quetzaltenango, San Francisco el Alto in Totonicapan, and in Quetzaltenango itself.

(2) Agricultural projects such the IESC asparagus production project with Gremial del Esparrago benefitted a large number of farmers, and could be very successful if replicated.

(3) Other areas needing assistance in the rural areas are irrigation, and marketing.

At present, IESC manages 40 projects for large firms, without USAID's assistance.

Recommendation: In the event that IESC receives additional USAID funding, it would be necessary to hire a promoter who would exclusively work in advertising the availability of IESC services among the business community, specifically small and medium size firms, screening potential clients, assessing firms' technical assistance needs and preparing scopes of work for each IESC consultancy. The promoter would mainly concentrate his efforts in identifying consultancies outside Guatemala City, with special emphasis on agribusiness.

Another area for IESC assistance would be the maquila industry. The Kurt Salmon and Megatex studies on the maquila industry found that the industry suffers from a shortage of industrial engineers, managers and plant supervisors. Technical assistance to improve their ability to manage these apparel firms could be best profited from when given in the firm, after classroom training which could be given by FUNTEC. IESC could offer an effective means of transferring the needed technical assistance. This assistance however, would be directed at medium-size industries but would have implications for employment of operators.

In addition, the TIS program offers a good potential for investment linkages for Guatemalan private sector organizations and industries. Microenterprises could benefit from this program as well.

Finally, small businesses need to be redefined in terms of the value of their assets to reflect the inflation rate and the devaluation of the currency vis-a-vis the dollar. A small business with less than Q100,000, as originally defined, could hardly afford a project contribution of nearly Q8,000.

TABLE 3. IESC:
DEFINITION OF SMALL AND MEDIUM-SIZED BUSINESSES

CHARACTERISTICS	SMALL	MEDIUM
Number of Employees	5-20	20-100
Assets per Worker	\$1,000-5,000	\$5,000-155,000
Total Assets	\$5,000-100,000	\$100,000-1,000,000
Title of Assets	Personal	Commercial
Production Technology	Traditional	Intermediate
Production Mode	Custom Work	Mass Production
Type of Prod. Employees	Craftsmen	Operatives
Market Orientation	To order	For resale

TABLE 4. IESC:
 PROJECTS COMPLETED UNDER USAID GRANT No. 520-0337
 TECHNICAL ASSISTANCE

PROJECT MIX

Agriculture, Food Processing and Packaging	13	25.0
Machinery & Metal Products, Electric and Transport Equipment	4	7.7
Wood Products	4	7.7
Textile and Apparel Manufacturing	10	19.1
Communication, Transportation and Utility Services	--	--
Wholesale and Retail Merchandising	6	11.5
Chemical and Petroleum Products	--	--
Glass	3	5.8
Banking and Finance	--	--
Paper, Printing and Publishing	1	2.0
Advertising	2	3.8
Miscellaneous Industries and Services	1	2.0
Handicraft	3	5.8
Organization Planning and Management	3	5.8
Seminars	2	3.8
	<hr/>	<hr/>
TOTAL	52	100.0%

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TABLE 5:

Impact of the IESC Assistance on Production/Sales, Employment,
Unit Cost and Product Quality

	Production/sales Increase (%)	New Jobs	Decrease Cost/unit	Quality Improved
ACUMULADORES IBERIA (battery prod.)	100	27	yes	yes
AGRICULTURA MODERNA (rice starch prod.)	yes	25	yes	yes
ALIANZA PARA EL DESARROLLO (organiz'n)				
ALIMENTOS PROCESADOS (snacks)				
ALPINE EXPORT CO. (sesame seeds mktg.)		1		
AMCHAM (organization)				
ANGEL I, II (wood products)	1400	26	20	yes
BARRILETE (garment mfg.)				
BRIGI (garment manuf.)	30	1	50	yes
BUREAU DE CONVENCIONES (n.p.o.)				
CAOBA (wood prod.)	yes	n.a.	yes	yes
CARIBE (cashew nuts roasting)	2000	8	yes	yes
CASA URBINA (marketing)	26	0	n.a.	n.a.
COLOSA (brush prod.)	yes	5	yes	yes
COLTEC (yeast prod.)	yes	5	yes	yes
CONFECES. & SUMINISTROS (garment mfg.)	yes	18	yes	yes
CREACIONES MANELLI (garment mfg.)	yes	20	10	yes
ESGUASA (asparragus prod.)	yes	2	n.a.	yes
ESTILOS EN MODA (garment mfg.)	yes	40	yes	yes
FLORA EXOTICA (melon packg for exp)				
FUNDAP				
FUNTEC I (organization)				
FUNTEC (2 seminars)				
FUNTEC/SAN PEDRO (garment prod.)				
GATO GORDO (food processing)	yes	20	yes	yes
GREMIAL DE ESPARRAGO (asparragus prod.)	300	400	10	yes
GUATEX/COMERCIAL V.R. (garment mfg.)	yes	n.a.	yes	yes
INTERCAMPO (cashew nuts process.)	yes	6	yes	yes
INVECA (garment mfg.)	745	0	yes	yes
JEANTEX (garment mfg.)	yes	25	10	yes
JULIO SANDOVAL (vegetable prod.)	yes	0	yes	yes
L & R PUBLICIDAD I, II (advertising)	yes	3	yes	n.a.
LA ITALIA (cheese prod.)	23	1	same	yes
LAMPARAS DORAL (lamp prod.)	20	7	yes	yes
LOS ANDES (tea prod.)	n.a.	1	n.a.	yes
MERCANTIL CIUSA (food processing)	n.a.	0	yes	yes
MERCANTIL EMPORIUM (marketing)		2		yes
MODIANE (garment mfg.)	10	0	yes	yes
NORA's (ceramic prod.)	yes	0	n.a.	yes
OXIDOS (lead operation)	yes			yes
PREFABRICADOS CIFA (glass prod.)	20	0	yes	yes
TRANSFORMADORA (paper prod.)	yes	6	yes	yes
UNITEX (cloth prod.)	yes	21	yes	yes
VERDUPREX (vegetable freezing)	yes	0	10	yes
VIDAR (glass mfg.)				yes
VITRA, S.A. (glass prod.)				

Table 6. Current and Executed Non Government Microenterprise Programs

Name of Executor	Status of Project	Target Group	Activities	Funding
ADEC	current	240 clients in productive & service active. in Guatemala & Municip. of Mixco & Villanueva.	Credits to individuals and groups for working capital and capital investment. Institutional strengthening of ADEC.	IDB: \$358,000 Own resources
ARTEXCO	current	25 cooperatives in Quetzaltenango.	Market intermediation; supplies low cost raw materials and markets artisans' production. Offers short-term credit.	Own resources
ASINDES	current	Small communities in various locations.	Sponsors 15 small and microenterprise projects through its member NGOs in the areas of industry, agribusiness and textiles. Vocational and T.A. training.	AID: \$450,000 Own resources
FAPE	current	320 clients in productive & service active. in Guatemala & Municip. of Mixco & Villanueva.	Credits to individuals and groups for working capital and capital investment. Institutional strengthening of FAPE.	IDB: \$485,000 Own resources
FDM	current	Groups of females in industry, services and commerce in 16 Depts.	Credit and T.A. to groups of 2-3 female entrepreneurs already established or to start a business. Projects supervised every three months.	AID: \$200,000 IDB: \$300,000 ASINDES: Q.37,000
FEDECOCAGUA	executed	Low-income housewives of member cooperatives in various Depts.	Credit and T.A. to promote cottage industries in agribusiness; handicrafts; and dress making. Institutional strengthening of FEDECOCAGUA.	IDB: \$468,000 Own resources
FUNDESPE	current	Small and microentrepreneurs in the Western Highlands in industry, agroindustry, services and commerce.	Credit; training; T.A.; collective purchasing of raw materials; marketing assistance; and savings. PADP to supervise the project for 3 years.	Own resources Needed: \$3 mn in first 3 yrs.
FUNDAP	current	Wool, textile, furniture producers and other microentrepreneurs in Momostenango; Nahuala;	credit and T.A. in wool production and weaving. reforestation and T.A.	

FUNTEC	current	<p>Quetzaltenango, San Marcos and Totonicapan.</p> <p>Low income individuals and entrepreneurs in productive activities, services and commerce.</p>	<p>craftsmen. PROSEM: credit to low income microentrepreneurs.</p> <p>Schools of industrial machine mechanics and operators for the apparel industry. Sponsors GENESIS, a microenterprise credit and business training program managed by AITEC, and Empresarios Juveniles, a business management training program for youngsters.</p>	AID: \$2.4 mn
HODE	current	<p>Already established microentrepreneurs in productive activities & community services in Guatemala City.</p>	<p>Credit and T.A. program. Close supervision and follow up. Training required before credit is granted. Marketing assistance through fairs.</p>	<p>IDB: \$577,000 IAP: \$84,000</p>
IAC	executed	<p>Small farmers in Conacaste, Dept. of El Progreso.</p>	<p>Credit program for small irrigation systems and agricultural inputs. T.A. to develop the administrative capacity of IAC; intensive training of coop members in administration; and of beneficiaries in improved technologies.</p>	<p>IDB: \$553,000 Own resources</p>
Kato-Ki Savings & Loan Cooperative	executed	<p>Cooperative members in Chimaltenango.</p>	<p>Credit for agricultural, livestock, agribusiness production, and marketing. T.A. to improve production techniques & marketing mechanisms.</p>	<p>IDB: \$550,000 Own resources</p>

ANNEX:

PROFILE OF FIRMS WHICH RECEIVED
IESC SERVICES

LGA

Name of the Firm: LA ITALIA

Name of the Manager/Owner: Ms. Ana Maria Timpanaro

Nature of the business: Cheese producer

Date of the Assistance: Jan. 5 to Feb. 15 1987

Ownership: Family owned

Type of project: Restart

Length of time in business: 18 years

Sales: local: 100 percent

export: -

Economic impact of the assistance:

Production/sales:	Increased 12 percent
Employment:	Added one plant supervisor
Quality of product(s):	Improved considerably
Costs of production:	Decreased

Description of the case:

The volunteer came specifically to advise on the production of two types of cheese: cream cheese and fresh cheese. Cream cheese was a new product and was successfully made with the existing plant equipment. The production of fresh cheese was considerably improved through pasteurization, which not only improved the quality of the product but also helped conserve its freshness longer. The procedures for cultures and starters were established and their propagation successfully demonstrated. In addition, the volunteer made recommendations on equipment modifications for easier pasteurization; improved sanitation; and on the need for a production supervisor.

Language was no problem since the manager speaks English and helped the workers understand the voluntary's instructions.

Client's comments on:

Terms of the contract: adequate

IESC services: IESC responded quickly to the firm's request for a volunteer and was particularly pleased that she had the opportunity to select the voluntary. Supervision and follow up by IESC were entirely satisfactory.

Name of the Firm: MODIANE

Name of the Owner: Ms. Amparo Montiel

Nature of the business: Producer of women's garments

Ownership: Sole Proprietorship

Type of project: Restart

Length of time in business: 8 years

Sales: local: -

export: 80 percent to Germany and 20 percent to Switzerland, Austria and the United States

Economic impact of the assistance:

Production/sales: Increased 10 percent

Employment: One additional employee

Quality of products: Substantially improved

Cost of production: Decreased

Impact on the suppliers: Improvement in their standard

of living is noticeable because of increased demand by MODIANE

Description of the case:

MODIANE produces women's garments with cloth manufactured by artisans in the Totonacapan area. The volunteer advised effectively on quality improvement. He introduced improvements reducing cutting by 40 percent; improved sewing techniques using the available equipment to full capacity; raised quality indicating corrections to be made in stitching to enhance the looks of the garment. He worked with factory employees to acquaint them with the use of sewing guides for better production and quality. Quality improvements were quickly noticed by purchasers. The volunteer also recommended changes to streamline the work between departments which helped reduce tensions among the employees.

Client's comments on:

Terms of the contract: very adequate compared to the benefits received.

IESC services: IESC handled the request in an efficient manner. No recommendations for improvement in their services.

Name of the Firm: ACUMULADORES IBERIA

Name of the Manager/Owner: Ing. Hugo Novoa

Nature of the business: Production of car batteries

Date of the assistance: September-October 1985 and July-August 1988

Ownership: Family owned

Type of project: Restructuring

Length of time in business: 29 years

Sales: local: 80 percent

export: 20 percent to El Salvador and Honduras

Economic impact of the assistance:

Production/sales: 50 percent

Employment: 27 new jobs

Quality of products: Improved

Costs of production: No decrease since had to acquire new equipment for expansion.

Description of the case:

The volunteer advised on all stages of battery production. The firm sells both parts for assembly as well as batteries. Acumuladores Iberia processes all raw materials from the raw lead up to the finished product. The volunteer improved methods of production of battery parts and stressed quality control at all stages of production. The result was high quality production of both parts and final products. He also recommended the type of machinery needed to improve and increase production, which the owner purchased. The volunteer visited the company for a second time; however, this time they bore the entire costs of the assistance.

Client's comments on:

Terms of the contract: Favorable, however, he did not like having to pay the full costs the second time.

IESC services: IESC provides a very efficient service.

Name of the Firm:	CASA URBINA
Name of the Manager/Owner:	Sylvia Urbina
Nature of the business:	Retailer of home products
Date of the Assistance:	October-December 1987
Ownership:	Family owned
Type of project:	Restructuring
Length of time in business:	29 years
Sales: local:	100 percent
export:	-
Economic impact of the assistance:	
Production/sales:	Sales increased 23 percent in real terms
Employment:	No change
Quality of products:	n/a
Costs of production:	n/a
Description of the case:	
<p>Casa Urbina sells home products in four locations in Guatemala City. The volunteer advised on inventory management and marketing. Inventories had piled up for many years and sales were sluggish. The volunteer introduced an inventory control program to reduce the existing inventory considerably and to start recording the current one with the help of a computer. which was purchased during his stay. Ms. Urbina herself learned to use an inventory management computer program. In addition, the volunteer implemented innovative ways to display the goods.</p>	
Client's comments on:	
Terms of the contract:	Were fine.
IESC services:	Were efficient.

Name of the firm: AGENCIAS ANGELL, S.A.

Name of the manager/owner: Mr. Chris Angell

Nature of the business: Wood products, mainly kitchen cabinets and doors

Date of the assistance: January-March 1986 and January-March 1987

Ownership: Partnership

Type of project: Restart

Length of time in business: 10 years

Sales: local: 100 percent at this time

export: -

Economic impact of the assistance:

Production/sales: Production increased 14 times

Employment: 26 new employees

Quality of products: Improved

Costs of production: Considerably reduced

Description of the case:

The volunteer advised on all aspects of producing more economical kitchen cabinets which were being manufactured at a high cost with selected materials. He prepared a complete production plan for a new line of economy cabinets and window and door frames. He trained personnel for proper use of tools and machinery; established inventory and quality control departments; introduced procedures for accurate costing of products; improved the plant layout; and implemented efficient marketing procedures. Finally, he introduced an incentive system for the employees. In his report he included the step by step reforms. This took AGENCIAS ANGELL nearly a year to implement. The volunteer made a second visit during the writing of this report.

In the near future, AGENCIAS ANGELL expects to start exporting to other Central American countries.

Client's comments on:

Terms of the contract: Favorable compared to the benefits, although rather difficult to afford for a company that was nearly bankrupt at the time.

IESC services: IESC services are efficient. He thinks that the key to a successful assistance is to specify in great detail what the assistance is needed for.

Name of the firm: CAROHE, S.A.

Name of the manager/owner: Ing. Juancarlos Barillas

Nature of the business: Processor of coffee, cardamon and cashews and macadamia nuts

Date of the assistance: July-August 1986

Ownership: Four shareholders

Type of project: New area

Length of time in business: 4 years

Sales: local: 3 percent of cashew nuts
export: 97 percent of cashew nuts

Economic impact of the assistance:
Production/sales: New production of 20 tons/year fo
roasted cashew nuts and some macadamia nuts

Employment: 8 new jobs were created

Quality of product(s): Very good

Costs of production: Efficient processing keeps costs low.

Description of the case:

The volunteer assisted CAROHE to start producing oil roasted cashew nuts which were formerly produced only in raw form. He designed an economical roasting equipment which was built locally rather imported. He instructed the client on how to wet and dry roast cashews and macadamia nuts, and how to use broken nuts for candy and paste. He also introduced sanitation and insect controls, and improved packaging for marketing. The quality obtained was comparable to Planter's (U.S.).

After a painful initial experience with trying to market the product in the U.S. which caused large losses to the company, CAROHE is now selling under the name of Maya Gold. Production is increasing, but has to increase further in order to reach the break-even point. A second assistance by IESC is planned to advise CAROHE on the production of oil from the cashew shell which can be used as pesticide properties and is a good wood preserver.

Client's comments on:

Terms of the contract: Were satisfactory.

IESC services: Application approval time and follow-up were

Name of the firm: LAMPARAS DORAL, S.A.

Name of the Manager/Owner: Mr. Ricardo Rodriguez

Nature of the business: Producer of light
 fixtures

Date of the Assistance: January to March 1986

Ownership: 5 shareholders

Type of project: Rehabilitation

Length of time in business: 21 years

Sales: local: 85 percent
 export: 15 percent to El Salvador
 and Honduras

Economic impact of the assistance:

Production/sales:	Increased 20 percent
Employment:	3 new employees
Quality of products:	Improved visibly
Costs of production:	Decreased in spite of some
new more	expensive processes

Description of the case:

The volunteer advised on all stages of production of parts for light fixtures. Some of the work formerly done manually, such as the metal sanding, was mechanized; other machinery was improved; the drying process was modified; and the painting of the metals was made more efficient. The volunteer emphasized training employees in new techniques and recommended improved safety measures. He introduced quality control in the manufacturing areas and provided suggestions for exporting to the U.S. Finally, he made recommendations on administrative procedures such as costing, budgeting and planning.

Client's comments on:

Terms of the contract: The terms were good considering the value of the volunteer's assistance.

IESC services: IESC was very cooperative at all stages of the process. The client thinks that IESC should advise clients to include on the application very detailed specifications of the type of assistance required, since in the case of Lamparas Doral, the information asked for was insufficient, leading the volunteer to believe that his assistance was only on lamp manufacturing. In spite of this misunderstanding the assistance proved invaluable.

Name of the Firm: JEANTEX, S.A.

Name of the Manager/Owner: Mr. Estuardo Kroner

Nature of the business: Manufacturing of jeans

Date of the Assistance: August to September 1985

Ownership: 4 shareholders

Type of project: Rehabilitation

Length of time in business: 8 years

Sales: local: 100 percent

export: -

Economic impact of the assistance:

Production/sales: Increased 50 percent

Employment: 25 new employees (mainly women)

Quality of products: Improved

Costs of production: Decreased

Description of the case:

JEANTEX is a producer of jeans, shirts, jackets, and heavy cloth. Most of the fabrics are imported from Colombia. Although the volunteer did not have specific experience in heavy cloths, he assisted in improving techniques in garment production. He introduced improved sewing and cutting techniques; new fashion lines; and a training program for new employees.

Client's comments on:

Terms of the contract: Were favorable.

IESC services: IESC services were excellent. However, the client thinks that a translator would avoid his having to always be present when the volunteer gives instructions to the employees.

Name of the Firm:

Name of the Manager/Owner:

Nature of the business:

Date of the Assistance:

Ownership:

Type of project:

Length of time in business:

Sales: local:

export:

Economic impact of the assistance:

Production/sales:

Employment:

Quality of products:

Costs of production:

Description of the case:

Client's comments on:

Terms of the contract:

IESC services:

Name of the Firm: LA ITALIA

Name of the Manager/Owner: Ms. Ana Maria Timpanaro

Nature of the business: Cheese producer

Date of the Assistance: Jan. 5 to Feb. 15 1987

Ownership: Family owned

Type of project: Restart

Length of time in business: 18 years

Sales: local: 100 percent

export: -

Economic impact of the assistance:

Production/sales:	Increased 12 percent
Employment:	Added one plant supervisor
Quality of product(s):	Improved considerably
Costs of production:	Decreased

Description of the case:

The volunteer came specifically to advise on the production of two types of cheese: cream cheese and fresh cheese. Cream cheese was a new product and was successfully made with the existing plant equipment. The production of fresh cheese was considerably improved through pasteurization, which not only improved the quality of the product but also helped conserve its freshness longer. The procedures for cultures and starters were established and their propagation successfully demonstrated. In addition, the volunteer made recommendations on equipment modifications for easier pasteurization; improved sanitation; and on the need for a production supervisor.

Language was no problem since the manager speaks English and helped the workers understand the voluntary's instructions.

Client's comments on:

Terms of the contract: adequate

IESC services: IESC responded quickly to the firm's request for a volunteer and was particularly pleased that she had the opportunity to select the voluntary. Supervision and follow up by IESC were entirely satisfactory.

Name of the Firm: MODIANE

Name of the Owner: Ms. Amparo Montiel

Nature of the business: Producer of women's garments

Ownership: Sole Proprietorship

Type of project: Restart

Length of time in business: 8 years

Sales: local: -

export: 80 percent to Germany and 20 percent to Switzerland, Austria and the United States

Economic impact of the assistance:

Production/sales: Increased 10 percent

Employment: One additional employee

Quality of products: Substantially improved

Cost of production: Decreased

Impact on the suppliers: Improvement in their standard of living is noticeable because of increased demand by MODIANE

Description of the case:

MODIANE produces women's garments with cloth manufactured by artisans in the Totonacapan area. The volunteer advised effectively on quality improvement. He introduced improvements reducing cutting by 40 percent; improved sewing techniques using the available equipment to full capacity; raised quality indicating corrections to be made in stitching to enhance the looks of the garment. He worked with factory employees to acquaint them with the use of sewing guides for better production and quality. Quality improvements were quickly noticed by purchasers. The volunteer also recommended changes to streamline the work between departments which helped reduce tensions among the employees.

Client's comments on:

Terms of the contract: very adequate compared to the benefits received.

IESC services: IESC handled the request in an efficient manner. No recommendations for improvement in their services.

Name of the Firm: ACUMULADORES IBERIA

Name of the Manager/Owner: Ing. Hugo Novoa

Nature of the business: Production of car batteries

Date of the assistance: September-October 1985 and July-August 1988

Ownership: Family owned

Type of project: Restructuring

Length of time in business: 29 years

Sales: local: 80 percent

export: 20 percent to El Salvador and Honduras

Economic impact of the assistance:

Production/sales: 50 percent

Employment: 27 new jobs

Quality of products: Improved

Costs of production: No decrease since had to acquire new equipment for expansion.

Description of the case:

The volunteer advised on all stages of battery production. The firm sells both parts for assembly as well as batteries. Acumuladores Iberia processes all raw materials from the raw lead up to the finished product. The volunteer improved methods of production of battery parts and stressed quality control at all stages of production. The result was high quality production of both parts and final products. He also recommended the type of machinery needed to improve and increase production, which the owner purchased. The volunteer visited the company for a second time; however, this time they bore the entire costs of the assistance.

Client's comments on:

Terms of the contract: Favorable, however, he did not like having to pay the full costs the second time.

IESC services: IESC provides a very efficient service.

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Name of the Firm:	CASA URBINA
Name of the Manager/Owner:	Sylvia Urbina
Nature of the business:	Retailer of home products
Date of the Assistance:	October-December 1987
Ownership:	Family owned
Type of project:	Restructuring
Length of time in business:	29 years
Sales: local:	100 percent
export:	-
Economic impact of the assistance:	
Production/sales:	Sales increased 23 percent in real terms
Employment:	No change
Quality of products:	n/a
Costs of production:	n/a

Description of the case:

Casa Urbina sells home products in four locations in Guatemala City. The volunteer advised on inventory management and marketing. Inventories had piled up for many years and sales were sluggish. The volunteer introduced an inventory control program to reduce the existing inventory considerably and to start recording the current one with the help of a computer, which was purchased during his stay. Ms. Urbina herself learned to use an inventory management computer program. In addition, the volunteer implemented innovative ways to display the goods.

Client's comments on:

Terms of the contract: Were fine.

IESC services: Were efficient.

Wb

Name of the firm: AGENCIAS ANGELL, S.A.

Name of the manager/owner: Mr. Chris Angell

Nature of the business: Wood products, mainly kitchen cabinets and doors

Date of the assistance: January-March 1986 and January-March 1987

Ownership: Partnership

Type of project: Restart

Length of time in business: 10 years

Sales: local: 100 percent at this time

export: -

Economic impact of the assistance:

Production/sales: Production increased 14 times

Employment: 26 new employees

Quality of products: Improved

Costs of production: Considerably reduced

Description of the case:

The volunteer advised on all aspects of producing more economical kitchen cabinets which were being manufactured at a high cost with selected materials. He prepared a complete production plan for a new line of economy cabinets and window and door frames. He trained personnel for proper use of tools and machinery; established inventory and quality control departments; introduced procedures for accurate costing of products; improved the plant layout; and implemented efficient marketing procedures. Finally, he introduced an incentive system for the employees. In his report he included the step by step reforms. This took AGENCIAS ANGELL nearly a year to implement. The volunteer made a second visit during the writing of this report.

In the near future, AGENCIAS ANGELL expects to start exporting to other Central American countries.

Client's comments on:

Terms of the contract: Favorable compared to the benefits, although rather difficult to afford for a company that was nearly bankrupt at the time.

IESC services: IESC services are efficient. He thinks that the key to a successful assistance is to specify in great detail what the assistance is needed for.

Name of the firm: CAROHE, S.A.

Name of the manager/owner: Ing. Juancarlos Barillas

Nature of the business: Processor of coffee, cardamon and cashews and macadamia nuts

Date of the assistance: July-August 1986

Ownership: Four shareholders

Type of project: New area

Length of time in business: 4 years

Sales: local: 3 percent of cashew nuts
export: 97 percent of cashew nuts

Economic impact of the assistance:

Production/sales: New production of 20 tons/year fo
roasted cashew nuts and some macadamia nuts

Employment: 8 new jobs were created

Quality of product(s): Very good

Costs of production: Efficient processing keeps costs low.

Description of the case:

The volunteer assisted CAROHE to start producing oil roasted cashew nuts which were formerly produced only in raw form. He designed an economical roasting equipment which was built locally rather imported. He instructed the client on how to wet and dry roast cashews and macadamia nuts, and how to use broken nuts for candy and paste. He also introduced sanitation and insect controls, and improved packaging for marketing. The quality obtained was comparable to Planter's (U.S.).

After a painful initial experience with trying to market the product in the U.S. which caused large losses to the company, CAROHE is now selling under the name of Maya Gold. Production is increasing, but has to increase further in order to reach the break-even point. A second assistance by IESC is planned to advise CAROHE on the production of oil from the cashew shell which can be used as pesticide properties and is a good wood preserver.

Client's comments on:

Terms of the contract: Were satisfactory.

IESC services: Application approval time and follow-up were

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Name of the firm: LAMPARAS DORAL, S.A.

Name of the Manager/Owner: Mr. Ricardo Rodriguez

Nature of the business: Producer of light fixtures

Date of the Assistance: January to March 1986

Ownership: 5 shareholders

Type of project: Rehabilitation

Length of time in business: 21 years

Sales: local: 85 percent

export: 15 percent to El Salvador and Honduras

Economic impact of the assistance:

Production/sales: Increased 20 percent

Employment: 3 new employees

Quality of products: Improved visibly

Costs of production: Decreased in spite of some expensive processes

new more

Description of the case:

The volunteer advised on all stages of production of parts for light fixtures. Some of the work formerly done manually, such as the metal sanding, was mechanized; other machinery was improved; the drying process was modified; and the painting of the metals was made more efficient. The volunteer emphasized training employees in new techniques and recommended improved safety measures. He introduced quality control in the manufacturing areas and provided suggestions for exporting to the U.S. Finally, he made recommendations on administrative procedures such as costing, budgeting and planning.

Client's comments on:

Terms of the contract: The terms were good considering the value of the volunteer's assistance.

IESC services: IESC was very cooperative at all stages of the process. The client thinks that IESC should advise clients to include on the application very detailed specifications of the type of assistance required, since in the case of Lamparas Doral, the information asked for was insufficient, leading the volunteer to believe that his assistance was only on lamp manufacturing. In spite of this misunderstanding the assistance proved invaluable.

Recommendations

1. USAID should capitalize on the efficiency of this institution and consider continuing its assistance to small businesses through IESC. If microenterprise activities are emphasized, USAID could successfully pursue projects that would benefit groups of entrepreneurs in rural areas where the need is greatest. Since microbusinesses could not individually afford to pay the costs of an executive, as a group they could contribute with a small portion of the cost and, at the same time, share the full benefits of the assistance. The following alternatives should be considered:

(1) The experience of the pilot project at San Pedro Sacatepéquez, Guatemala, could be replicated in other areas, such as the ones recommended in the Kurt & Salmon study: San Pedro Sacatepéquez in San Marcos, Cantel in Quetzaltenango, San Francisco El Alto in Totonicapán, and in Quetzaltenango itself.

(2) Agricultural projects such as the IESC asparagus production project with Gremial del Espárrago benefitted a large number of farmers, and could be very successful if replicated.

(3) Other areas needing assistance in the rural areas are irrigation, and marketing.

IESC

Status

1. USAID/Guatemala intends to begin supporting a new IESC comprehensive nation-wide project to continue the specialized technical assistance for small and medium enterprises program developed under this project. The proposed project will undertake a three-year program which will increase levels of employment, income, productivity and economic growth in Guatemala by offering specialized technical assistance to privately-owned productive enterprises, and by stimulating the demand for and the supply of venture and trade/investment opportunities in the country. Specifically, this project will directly assist Guatemalan firms which typically have limited capital and lack the resources to establish linkages with foreign partners.

The microenterprise sector in Guatemala is being supported under other Mission initiatives.

Recommendations

2. In the event that IESC receives additional USAID funding, it would be necessary to hire a promoter who would exclusively work in advertising the availability of IESC services among the business community, specifically small and medium size firms, screening potential clients assessing firms' technical assistance needs and preparing scopes of work for each IESC consultancy. The promoter would mainly concentrate his efforts in identifying consultancies outside Guatemala City, with special emphasis on agribusiness.

Another area for IESC assistance would be the maquila industry. The Kurt & Salmon and Megatex studies on the maquila industry found that the industry suffers from a shortage of technical assistance to improve their ability to manage these apparel firms could be best profited from when given in the firm, after classroom training which could be given by FUNTEC. IESC could offer an effective means of transferring the needed technical assistance. This assistance however, would be directed at medium-size industries but would have implications for employment of operators.

IESC

Status

2. The position of technical assistance promoter is envisioned under IESC's new proposed project currently under Mission review. The agribusiness and maquila (drawback) sectors are key target areas of intervention in IESC's technical assistance program for Guatemalan small and medium enterprises.

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Recommendations

IESC

3. In addition, the TIS program offers a good potential for investment linkages for Guatemalan private sector organizations and industries but would have implications for employment of operators.

4. Finally, small businesses need to be redefined in terms of the value of their assets to reflect the inflation rate and the devaluation of the currency vis-à-vis the dollar. A small business with less than Q100,000, as originally defined, could hardly afford a project contribution of nearly Q8,000.

Status

IESC

3. The IESC's Trade and Investment Services (TIS)/Guatemala program is a component of the new proposed project currently under Mission review. This new activity will comprise:

- a) The establishment of an in-country TIS unit dedicated to identification and packaging of local investment/trade opportunities, and targeted to strengthen a competitive manufacturing sector by addressing constraints affecting key industries (e.g., agribusiness, chemicals, plastics, transportation, metal-mechanics, and tourism); and
- b) The establishment of collaborative ventures between small and medium Guatemalan and U.S. enterprises, including: 1) Partner identification; 2) Location of resources; 3) Technology search; 4) Linkage with intermediaries (e.g., consulting firms, financial institutions and law firms); and 5) Research and development.

4. A redefinition of small business is included in IESC's new proposed project which is currently under Mission review.

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ANNEX 2: IESC/G - Projects Completed Under U.S.A.I.D. Grant No. 520-0337 (by year)

	FIRM	CONTRIBUTION	
		CLIENT	AID
<u>1985</u>			
1.	Flora Exótica 13984 (S) Melon packing for export	-----	\$ 1,770.00
2.	Nona's 14014 (S) Ceramic production	\$ 530.00	\$ 2,250.00
3.	Allianza para el Desarrollo 14013 (S) Non-profit organization.	\$ 908.62	\$ 2,675.00
4.	Funtec I 14003 (S) Non-profit organization.	\$ 1,275.86	\$ 3,000.00
5.	Allmentos Procesados 14037 (S) Snacks.	\$ 701.83	\$ 3,400.00
6.	Mercantil Clusa 14058 (S) Food processing plant.	\$ 529.80	\$ 2,812.50
7.	Acumuladores Iberia 14085 (M) Batteries.	\$ 1,737.33	\$ 2,850.00
8.	Jeantex 14165 (M) Garment maaanufacturer.	\$ 1,625.92	\$ 2,533.33
9.	Amcham (S) Non-profit organization.	\$ 871.20	\$ 3,314.00
10.	Gato Gordo 14353 (S) Food processing plant.	\$ 1,573.35	\$ 3,710.00
<u>1986</u>			
11.	Verdufrefx 14311 (S) Vegetables freezing plant.	\$ 3,400.01	\$ 5,670.00
12.	Angell I 14170 (S) Wood products.	\$ 1,791.67	\$ 5,375.00
		<hr/>	<hr/>
		\$14,945.59	\$ 39,359.83

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	FIRM	CONTRIBUTION	
		CLIENT	AID
		\$14,945.59	\$ 39,359.83
13.	Lámparas Doral 14276 (S) Lamp manufacturer.	\$ 1,831.67	\$ 5,495.00
14.	Unitext 14431 (M) Textile production.	\$ 3,366.67	\$ 3,366.67
15.	Agricultura Moderna 14450 (S) Rice-starch production.	\$ 1,725.00	\$ 4,025.00
16.	Creaciones Manelli (S) Garment manufacturer.	\$ 1,630.00	\$ 3,803.33
17.	Brigi 14705 (S) Garment manufacturer.	\$ 1,380.00	\$ 3,220.00
18.	Confecciones & Suministros (S) Garment manufacturer.	\$ 2,450.00	\$ 4,550.00
19.	Funtec "How to do Business In U.S." Seminar (S)	\$ 625.00	\$ 1,875.00
20.	Gremlal de Espárrago 14880 (M) Asparagus production.	\$ 2,768.33	\$ 2,265.00
21.	Funtec 2 Machine Mechanic Training Seminar 14881 (M)	\$ 2,250.00	\$ 2,250.00
22.	Carohe 15091 (M) Cashewnuts.	\$ 3,000.00	\$ 3,000.00
23.	Fundap 15092 (S) Non-profit organization.	\$ 1,750.00	\$ 3,250.00
24.	Iberia 14629 (M) Batteries.	\$ 8,074.12	\$ 7,200.00
25.	Prefabricados CIFA 15014 (M) Glass.	\$ 4,564.65	\$ 4,633.33
26.	Bureau de Convenciones 15118 (S) Non-profit organization.	\$ 2,712.50	\$ 3,250.00
		<u>\$46,150.19</u>	<u>\$ 78,656.49</u>

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	FIRM	CONTRIBUTION	
		CLIENT	AID
		\$46,150.19	\$ 78,656.49
	<u>1987</u>		
27.	La Italla 15268 (S) Cheese	\$ 2,199.63	\$ 3,845.87
28.	Intercampo 14316 (S) Cashewnuts.	\$ 915.51	\$ 2,100.00
29.	L & R Publicidad I 14963 (S) Advertising. 2 months 2 days.	\$ 2,683.34	\$ 4,983.34
30.	Angell II 14171 (S) Wood. 2 months 7 days	\$ 1,770.81	\$ 5,312.50
31.	Vldar 15281 (2) Glass. 1 month 17 days.	\$ 2,245.89	\$ 4,170.89
32.	Guatex/Commercial V.R. 15388 (S) Garment manufacturer. 1 month 9 days.	\$ 2,012.53	\$ 3,737.53
33.	L & R Publicidad II 14964 (S) Advertising.	\$ 2,625.00	\$ 4,875.00
34.	Funtec/San Pedro 15389 (S) Garment manufacturer.	\$ 2,625.00	\$ 4,875.00
35.	Mercantil Emporium 15757 (M) Marketing.	\$ 3,000.00	\$ 3,000.00
36.	Modlane 16134 (S) Garment manufacturer.	\$ 1,750.00	\$ 3,250.00
37.	Barrilete 16132 (S) Garment manufacturer.	\$ 1,750.00	\$ 3,250.00
38.	Alpine Export Co. 15771 (M) Marketing.	\$ 3,000.00	\$ 3,000.00
39.	Inmobiliaria RJK 16864 (S) Marketing.	\$ 1,837.44	\$ 3,412.51
40.	Transformadora 15916 (M) Paper.	\$ 4,750.00	\$ 4,750.00
		<u>\$79,315.34</u>	<u>\$133,219.13</u>

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	FIRM	CONTRIBUTION	
		CLIENT	AID
		\$79,315.34	\$133,219.13
41.	Los Andes 16131 (M) Tea.	\$ 4,283.26	\$ 4,283.26
42.	Oxidos 16230 (S) Lead operation.	\$ 3,645.85	\$ 6,770.85
43.	Casa Urbina 15710 (M) Marketing.	\$ 4,750.00	\$ 4,750.00
44.	Caoba 16192 (M) Wood.	\$ 4,750.00	\$ 4,750.00
	<u>1988</u>		
45.	Colosa 15883 (S) Brushes.	\$ 2,595.93	\$ 4,820.93
46.	Jullo Sandoval 15708 (S) Vegetables.	\$ 1,750.00	\$ 3,250.00
47.	ESGUASA 16796 (S) Asparagus.	\$ 5,564.38	\$ 3,250.00
48.	Agencias Angell 16191 (M) Wood.	\$ 5,858.27	\$ 5,858.27
49.	INVEXA 16143 (M) Garment manufacturer.	\$ 3,408.31	\$ 3,408.31
50.	Coltec 16526 (M) Yeast.	\$ 4,283.26	\$ 4,283.26
51.	Estilos en Modas (M) Garment manufacturer.	\$ 6,674.99	\$ 6,674.99
* 52.	Vitra, S.A. 15021 (S) Glass.	\$ 1,750.00	\$ 3,250.00
		\$135,552.93	\$201,455.67

(*) Total firms to be assisted through 1989 = 67
(S) Small Business (10-49 employees)
(M) Medium size Business (50-100 employees).

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ANNEX 3: IESC/Guatemala - TIS Program - ABLE American Business Linkage Enterprise

ABLE is a low-cost business information service linking firms in developing countries with U.S. markets, companies and technologies. ABLE reports offer practical business information obtained through extensive conversations with decision making executives. ABLE specializes in strategically targeting and contacting U.S. companies, then positioning the client business to optimize interest. The report identifies the key issues and outlines the information required by the interested companies (see attached booklet).

ABLE services are priced according to the actual staff time required. Clients pay only for the actual work completed; there is no overhead charge.

Examples of report topics:

- * Export and Marketing development
- * Joint Venture development
- * Licensing and technology transfer search
- * 807 and contract manufacturing search
- * Equipment resourcing
- * Import substitution
- * New business (products) development
- * Market overview trends and data
- * Import regulations and duties

ABLE PROJECTS

Electronic Assembly	A0007	
Panificadora Americana	A0015	
Fideicomiso Paia	A0021	
Conapel	A0022	
Jett Tours	A0023	cancelado
Valcasa	A0024	cancelado
Jeantex, S. A.	A0030	
Industria Papelera	A0031	
Duma, S. A.	A0039	
Cementos Cruz	A0045	
Wind Shield	A0057	
Paper Products	A0066	no se entregó
Latex	A0067	
Henequen	A0071	
Cosmos, S. A.	A0073	
Germina Guate	A0074	
Industrias Unidas	A0075	cancelado
Nona's	A0083	cancelado
Cerincasa	A0084	
Row Hide Bones	A0085	
Hydro-cooler	A0038	no se entregó
Soup manufacturing	A0096	
Bosque Altamira-jojoba	A0098	
Confecciones Ideales	A0099	
Bosque Altamira-garlic	A0101	
House Plants	A0103	
Mashed potatoes	A0136	
Amos Anderson	A0140	
La Helvetia	A0142	
Wooven Wood	A0149	
Termitoys	A0154	
Ditrosa	A0163	
Gladiolus	A0179	
Auto & Truck parts	A0180	
Garlic and Onion	A0184	
Ceproinsa	A0205	
La Palma	A0230	
Ditrosa I	A0238	
Ditrosa II	A0239	cancelado
Rubber hoses	A0242	cancelado
Auto rubber (Mezcladora)	A0244	
Tropical geese	A0250	cancelado
Dehydrated products	A0287	cancelado
Multiplo (exam gloves)	A0321	
Apparel (Comercial V.R.)	A0358	
Volcanic scoria	A0366	
Indeta	A0411	cancelado
Industria Papelera	A0530	
INFASA (mouth wash)	A0577	
Lunafil	A0582	
Industrias del Trópico	A0581	cancelado
Internacional de Inversiones	A0598	
Sica, S. A.	A0604	
Textiles Modernos		

ABLE REPORT RESULTS:

TROPICAL FRUIT - Discussed market niches for tropical fruit jams and pastes. Suggested alternate strategies for entering U.S. markets, including private labeling and targeting Hispanic American market.
GARMENT MFG. - Linked U.S. garment manufacturers with off-shore production capabilities.
ALUMINUM & AEROSOL CANS - Targeted interested major U.S. can manufacturers for joint venture or licensing. Provided client with outline of information required for further evaluation.
PAINT BRUSHES - Identified twelve interested importers. Told client how product could be modified to maximize sales in U.S. Led to distribution agreement.

COMMENTS & FEEDBACK:

"I have read a lot of reports and yours ranks with the best of them. I hope the client takes the steps you outlined so he can build his operation into a profit making one."

- 30 yr. Garment Exec.

"Thank you for your manufacturing process and U.S. market study. It has been very useful to us. We are enthusiastic and working further on this project."

- LDC Client

"Client advised me that he is delighted with report - mentioned how thorough it is. He stated that this study will be the basis for the direction his company takes in this field for coming years."

- IESC Country Director

"You did an excellent job of researching the American market...there is enough 'meal' there to make some decisions...an excellent job with a difficult subject."

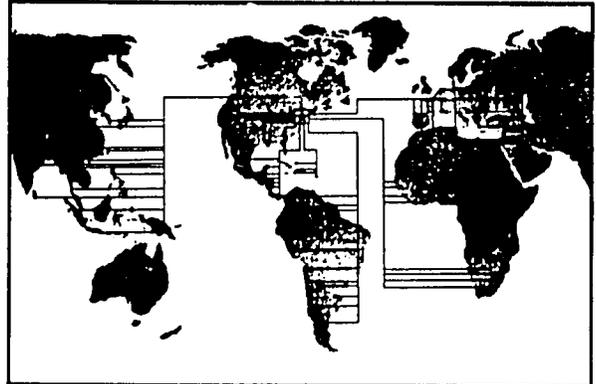
- 25 yr. Mfg. Exec.

"All three clients asked me to congratulate you on the extremely useful information they obtained through the ABLE report service."

- IESC Country Director

For More Information Contact:
ABLE/IESC
P.O. Box 10005
Stamford, CT 06904-2005 U.S.A.
Telephone: 203-967-6000
Telex: ITT 4750174 (INT EX UI)
Fax 203-324-2531
ABLE is managed in cooperation with
Burkholder Wallender International.

ABLE



**AMERICAN BUSINESS
LINKAGE ENTERPRISE**

**Your Cost-Effective Link
to the Global Economy**



**A Service of the
International Executive Service Corps**

BENEFITS:

- Low-Cost & High Practical Value
- Target & Identify Interested Companies in Any Industry
- Introductions to Decision-Making Executives
- Concise Outline of Info Required by Interested Companies
- Useful in Bank & Financing Presentations
- Expand into the Global Market

REPORT TOPICS:

Export & Marketing Development
Joint Venture Development
Licensing & Technology Transfer Search
807 & Contract Manufacturing Search
Equipment Sourcing
Import Substitution
New Business Development
Process Technology Overview

REPORTS INCLUDE:

Company Contacts
Market Overview, Trends & Data
Joint Venture Feasibility
Market & Distribution Feasibility
Trade Journals, Associations & Shows
Advertising & Publicity Opportunities
Import Regulations & Duties
Conclusion & Recommendations

ABLE

A two-way business information service linking Less Developed Countries (LDCs) with the United States.

ABLE offers low-cost, practical business information as a unique service accessing the worldwide networks of the International Executive Service Corps (IESC).

Specializing in strategically targeting and contacting companies, ABLE can help to solve your business needs and enable your company to grow. We are experts at targeting the right companies and positioning your venture to optimize interest.

ABLE reports provide you with practical knowledge obtained through extensive conversations with decision-making industry executives. Our reports identify the key issues you need to address when contacting the interested companies. We will tell you why each company is interested and how you can approach them to maximize your success.

We can assist with the preparation and distribution of presentation materials and samples for marketing or joint venture opportunities.

ABLE provides companies with the equivalent of a foreign office - without the overhead. You only pay for the actual work done.

ABLE's services can be subsidized through special grants in a number of countries. Contact your local IESC office.

ANNEX 4: Job Descriptions

A. IESC-TA/SME PROGRAM PROMOTER

The TA promotor will have national responsibility, with significant focus on rural areas, to advertise the availability of IESC TA services within the Guatemalan business community, screen potential users, assess SMEs technical assistance needs and prepare scopes of work for each IESC consultancy.

Personal Requirements:

- Fully bilingual (Spanish and English)
 - To be able to effectively communicate with VEs and spouses.
 - To prepare "Agreement" forms clearly describing background of client's organization and detailed and complete project objective descriptions.
 - To maintain oral and written communications with Stamford, Connecticut, IESC Headquarters office.
 - Make presentations in either language.
- Priority given to graduate engineer, preferably mechanical or industrial.
- Personal circumstances which will allow him to travel outside Guatemala City up to 30% of his time.
- Excellent interpersonal relations. Should be able to gain the confidence and maintain constant communications with both the client and the VE, to assure successful completion of the project.

Responsibilities:

1. Publicize IESC through appropriate local channels.
2. Identify clients who are willing and able to benefit from IESC assistance.
3. Analyze and describe TA needs in the client/IESC Contract with sufficient clarity to ensure that each party understands his benefits and responsibilities.
4. Confirm with the client the acceptance of the VE selected for the assignment and establish with client the project starting date.
5. Arrange suitable housing for VECs, negotiating housing cost and recommending per diem for each location. Disburse per diem to VECs throughout the assignments.

6. Give the VE couple an orientation on the project location, nearby city or cities, particulars of the project and client's organization, and introduce VE to client.
7. Make sure client pays contribution to IESC in accordance with the terms of agreement and IESC's policy. Bring up any possible exceptions to the CD's attention.
8. Attend with CD the VE work plan presentation to assure objectives of the project are fully covered and estimated project duration is approved by client.
9. Advise VEs and monitor VE/client relations during assignment.
10. Assure objectives of project are being met per work plan.
11. Oversee project to completion and assure client's satisfaction with the results.
12. Request and receive reports from VEs, including C-1, C-2 and C-3 (see Annex 6) and participate in client reviews.
13. Obtain client's confidential report on outcome of project and comments on VE's performance.
14. Evaluate each VE and VE spouse, and discuss evaluations with CD.
15. Coordinate end of consultancy seminars with sponsoring entity.

B. TIS/G INVESTMENT PROJECT OFFICER

The TIS/G Project Officer will provide the liaison between Guatemalan businesses, through IESC/G, and the global TIS network.

Personal Requirements:

- Fully bilingual (Spanish - English)
- Excellent interpersonal relations
- Independent and self-initiating
- Understanding of business management criteria

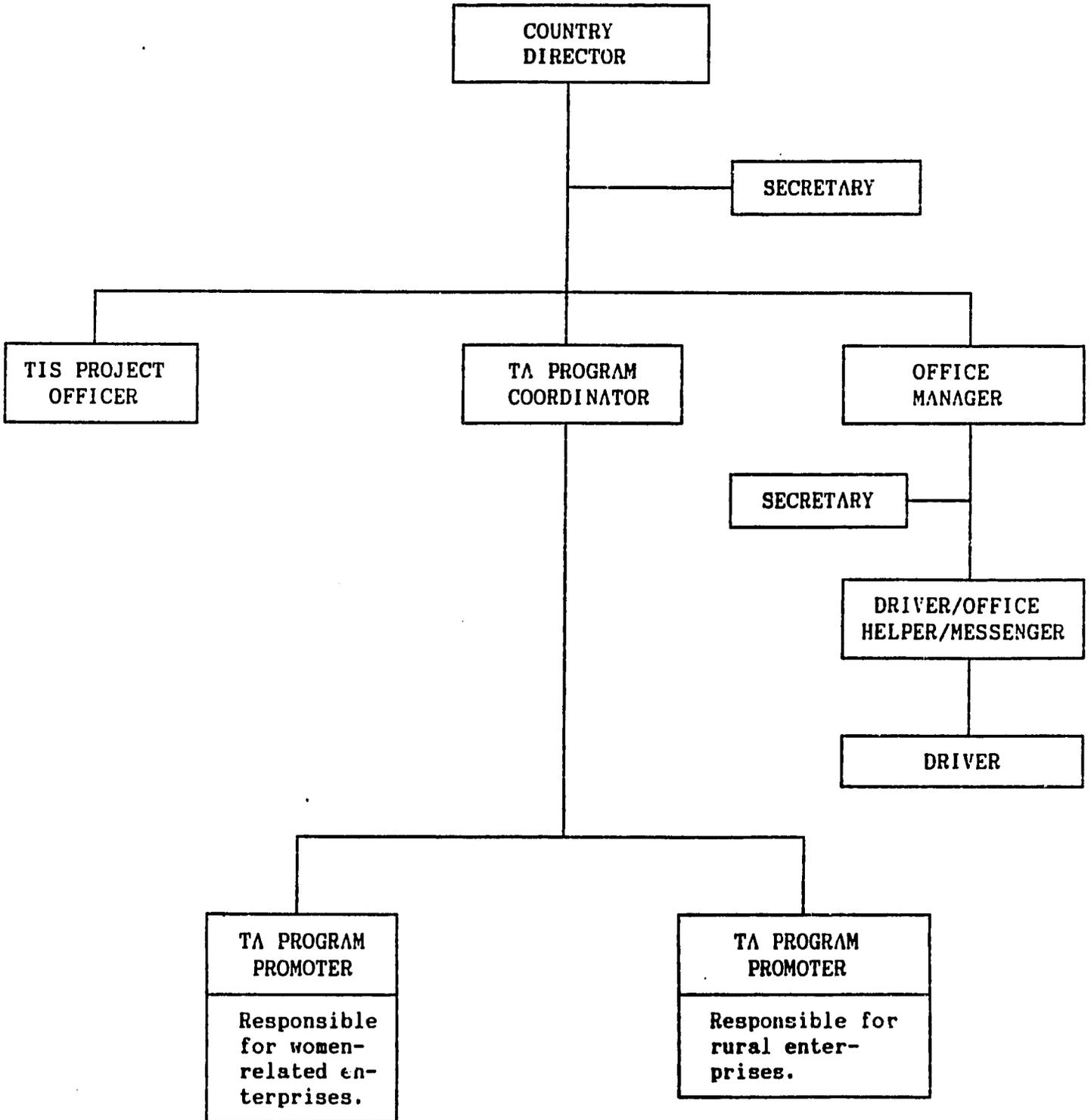
Responsibilities:

1. Act as key coordinating functionary between local institutions, U.S. TIS team and volunteer network;

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2. Visit local firms and promote Ideas of venture opportunities;
3. Provide advice and assistance to clients to access networks;
4. Participate in research to identify potential clients, potential sector targets, etc.
5. Organize information and reports on project activities, investment opportunities, country legislation and characteristics, etc.
6. Submit periodic progress reports to IESC/C CD.
7. Coordinate visits of representatives of potential U.S. partners and visits of potential investors.
8. Coordinate the visits to Guatemala of sector captains to conduct industry surveys, and volunteers coming to provide consultancies and technical assistance and/or to conduct workshops and seminars
9. Coordinate visits of Guatemalan clients to the U.S.
10. Promote ABLE services, screen potential users and prepare request forms with clear definition of objectives.
11. Administer the travel and promotion venture capital fund.
12. Develop and implement marketing programs and activities.

ANNEX 5: IESC/G Organization Chart



24.

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 licensors 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 THE LAST THREE YEARS IN U.S. DOLLARS AT CURRENT MARKET RATE.		YEAR ESTABLISHED	NUMBER OF EMPLOYEES
19_____ US \$ _____	19_____ US \$ _____	19_____ US \$ _____	19_____ US \$ _____

SECTION II. Request for Assistance.

Estimated time for which IESC assistance is required (maximum three months): MONTHS	Working headquarters of IESC executive will be: (CITY & PROVINCE: Location with respect to Major City)	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 90 to 120 days. However, some very difficult categories may require more than 120 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.

45'



Agreement

Project No. _____

BETWEEN

Code _____

INTERNATIONAL EXECUTIVE SERVICE CORPS (IESC)

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		TELEX ADDRESS	TELEPHONE
ADDRESS OF PRINCIPAL OFFICE (include country)		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 any government or governmental agency?
- B. What percentage, if any, is owned by a foreign corporation, foreign persons or other foreign entities?
- C. If there is ten percent or more of government or foreign ownership, give the names of such owners, their nationality, their percentage of ownership and country of residence.

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 recent past or are you now receiving it? If so, give full details.
- C. Is the assistance requested of IESC also being sought from other sources, local or foreign? If so, give full details.

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?

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VOLUNTEER EXECUTIVE EVALUATION

The prompt completion of this form is essential so that headquarters is aware of a V.E.'s past performance, prior to selecting the executive for another assignment. Uniformity in evaluation is important so please use these criteria:

OUTSTANDING: One of the best V.E.'s you have had during the past 12 months. Worldwide, we would expect that 10% - 15% of our V.E.'s might fall in this category. Special qualities this V.E. possessed should be mentioned under comments.

VERY GOOD: A V.E. who met all requirements and one you were proud to have had in your country. About 60%-70% of our V.E.'s will normally be rated "very good".

FAIR: A V.E. who, while able to successfully complete the project did not measure up to IESC's usual high standards. This might be due to inability to adapt to local conditions, health, personality or just lazy. You can expect that 10% - 20% of volunteers will fall in this category. The V.E.'s short-comings should be detailed in the comment section. (His inability to cope with a high altitude assignment might not disqualify him for a sea-level assignment.)

POOR: In spite of our best efforts, headquarters will occasionally send out a V.E. whose performance is below minimum IESC standards. Even under the worst conditions, we would not expect more than 5% - 10% of V.E.'s to fall in this category and, in many cases, they should be replaced quickly with another V.E. rather than give IESC a bad name. Explain in the comment section the shortcomings of the V.E. that led you to reach this evaluation.

RELATIONSHIP WITH CLIENT: This rates the V.E.'s on-the-job performance; professional or technical ability; compatibility with client organization; ability to communicate his ideas and inspire confidence; success in training personnel; overall success in meeting the requirements of the project, etc. This will be based on C.D. discussions with the V.E. and client at the Introduction Work Plan Meeting and the Final Report Meeting, as well as other opportunities to meet with the client.

PERSONAL FACTORS: This is intended to rate the V.E. as an individual rather than as a professional. Consider his/her work habits, health, conduct off the job, adaptability to local conditions, initiative, drive, stability, appearance, relationship with the C.D. and local staff; relationships with the other V.E.'s and V.E.S.'s; attitude toward hotel management and staff, etc. This rating should be based on the C.D.'s personal observations of the V.E. both on the job and on social occasions, as well as reports he may get from other V.E.'s, from hotel management, etc.

COMMENTS: Any ratings of "outstanding", "fair" or "poor" should be explained. Although a separate report is made on the V.E. spouse, the C.D. should comment here if the conduct of the V.E.S. significantly helped or hindered the V.E. If you have any strong feeling about having this V.E. and spouse back, please so comment. Have this V.E. and V.E.S. indicated an interest in becoming a Country Director couple and do you think them suitable, would the V.E. make a good Field Associate to interview new volunteers? If your recommendation is positive as to the V.E. and V.E.S. becoming C.D. and C.D.S. or F.A., write a separate letter about them to V.P.-Recruiting.

If a V.E. or V.E.S. has been guilty of serious misconduct, a general statement to this effect is sufficient. The gory details however, should be included in a confidential letter to the V.P.-Recruiting giving specific details, including the names of other V.E.'s or V.E.S.'s who can confirm them.

This is not a questionnaire

It is merely a guideline to be used as a basis for discussion by the Volunteer Executive.

In what way did we help the client's organization such as:

- a) The introduction of a new or improved consumer product
- b) A new or additional service offered to the consumer
- c) Qualitative improvement of existing production
- d) Establishment of new productive capacity
- e) Improved marketing and distribution facilities
- f) Cost reductions
- g) Improved profitability

What impact has the assistance to the client had on the economy of the country; such as:

- a) Has employment increased (show statistics if available)
Have working conditions improved?
If special training was provided to employees, what were the benefits?
- b) Has the use of local raw materials been increased? How?
- c) If the company is involved with export/import, what has been affected?
- d) Have living conditions improved? How?
- e) Have other businesses in the area benefited as a result of IESC aid to this Client?
- f) Have food supplies been increased?
- g) Have housing facilities been increased?

What impact have the client's activities had on U.S. industry?

- a) Has the Client purchased U.S.-made capital equipment?
- b) Have his activities resulted in:
 - 1. Licensing arrangements
 - 2. Joint ventures
 - 3. Representation of U.S. companies

Has the client discussed the fact that he would like further assistance from IESC?

Have the results been what the client has asked for?

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International Executive Service Corps

CLIENT ASSISTANCE REVIEW (CAR) QUESTIONNAIRE

PROJECT #: _____ CLIENT: _____
 PROJECT COMPLETION DATE: _____ COUNTRY: _____
 QUESTIONNAIRE COMPLETED BY: _____ DATE: _____

As part of our continuing evaluation process, IESC seeks to examine the specific developmental impact our program has on the countries we serve. With this questionnaire, we are trying to measure that impact by looking at individual clients and the ways they may have changed as a result of IESC assistance.

The questionnaire is designed so that we can look at our clients' change from two different perspectives, internally and externally. Some of the questions within these groups are broad in nature and may be difficult to answer. In the past, we have found that educated guesses and estimates when grouped together over a number of projects tend to be fairly reliable measurements.

Directions: Please check the appropriate answer for each question. When indicated, please give the approximate value in U.S. dollars. Provide additional information where applicable.

PART I: INTERNAL IMPACT

A. FINANCIAL IMPACT:

	(1) no	(2) yes	(3) n/a	(4) approx. U.S. dollars
1. Due to IESC assistance, profits increased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
a. Due to IESC assistance, losses decreased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. As a result IESC assistance, sales increased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. As a result of this IESC project, capital investments were made.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. As a result of this IESC project, new negotiations were held with outside suppliers or agents of the company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. Due to the IESC program, the client is considering a joint	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	90

B. IMPACT ON INPUT/OUTPUT:

	(1) no	(2) yes	(3) n/a
1. Due to IESC assistance, output increased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. As a result of IESC assistance, the quality of input improved.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. As a result of this IESC project, the client has improved his quality control program.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. As a result of IESC assistance, product quality improved.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Due to the IESC program, waste was reduced.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please give a rough estimate of the percentage reduction in waste. _____ %

6. As a result of this IESC project, downtime of equipment was reduced.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Due to IESC assistance, new marketing programs were developed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Due to IESC assistance, unit costs decreased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please give a rough estimate of cost reduction in percentages. _____ %

9. Please describe any other impacts on the client organization.

Comments: _____

C. TECHNOLOGICAL IMPACT:

	(1) no	(2) yes	(3) n/a	(4) approx. US\$
1. As a result of this IESC project, were new parts/tools/equipment purchased?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. As a result of IESC assistance, were parts/tools/equipment purchased from domestic businesses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Due to IESC assistance, were parts/tools/equipment purchased from U.S. businesses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Due to the IESC project, were parts/tools/equipment purchased from other foreign businesses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. Due to the IESC project, were improvements made in machinery maintenance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. As a result of this IESC project, were new procedures or processes introduced?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. As a result of IESC assistance, were plant operations improved?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8. As a result of IESC assistance, has the client increased its usage of locally produced raw materials or supplies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

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D. HUMAN/SOCIAL ("PEOPLE") IMPACT:

(1) (2) (3)
no yes n/a

1. As a result of IESC assistance, were any jobs created?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

If yes, please provide a rough estimate of how many jobs you think resulted from IESC assistance. _____

2. As a result of IESC project, there was an overall improvement in workers' skills.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3. As a result of IESC assistance, training programs were offered.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

4. Due to IESC assistance, employee attitudes have improved.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

5. Due to the IESC project, management's attitudes about its relations with employees (i.e. hourly workers, labor) have improved.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

6. As a result of this IESC project, employee turnover has been reduced.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

7. As a result of IESC assistance, employees are offered better salary incentives.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

8. Due to the IESC project, employee wages have been improved.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

E. ORGANIZATIONAL IMPACT:

	(1) no	(2) yes	(3) n/a
1. Due to the IESC program, the management structure was strengthened.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. As a result of IESC assistance, strategic planning activities were implemented.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Job responsibilities have been clarified through such devices as job descriptions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The IESC project led to the establishment or improvement of a regular personnel evaluation process and recognition system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. More effective controls were introduced (i.e. budgets, productivity information systems).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The IESC program led to improvements in the management information systems resulting in better communication and control.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PART II: EXTERNAL IMPACT

There are some cases in which the affect of an IESC project led to changes in government regulations, encouraged competitors to adopt similar techniques, or led to more confidence in the community regarding its willingness to change and develop new technologies and operations.

	(1) no	(2) yes	(3) n/a
1. As a result of IESC assistance, some competitors have changed their products or operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Suppliers have also benefitted from the IESC program.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Consumers benefitted from this IESC project in that they ultimately had access to better quality products or better pricing for the products they purchased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	(1) no	(2) yes	(3) n/a	(4) approx. US\$
6. Government offices are considering or actively changing policies or other practices.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. As a result of the IESC project, there was an increase in exports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
8. Due to IESC assistance, there was an increase in exports to the U.S.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
9. Due to IESC assistance, hard currency savings/earnings were made.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

OTHER

Statements 1 to 7 are a list of factors that can inhibit the success of a project. Please check the response that best describes the positive or negative impact.

- 1) very negative impact on project 2) somewhat negative impact
 3) no impact 4) somewhat positive impact 5) very positive impact

	(1)	(2)	(3)	(4)	(5)
1. Government regulation	<input type="checkbox"/>				
2. Market for the particular product	<input type="checkbox"/>				
3. Personnel skills	<input type="checkbox"/>				
4. Attitudes of management	<input type="checkbox"/>				
5. Attitudes of workers	<input type="checkbox"/>				
6. Attitudes of senior executives	<input type="checkbox"/>				
7. Complexity of the operating technology	<input type="checkbox"/>				

Please list any other factors that you feel inhibited the overall success of the project.

CONFIDENTIAL

VOLUNTEER EXECUTIVE SPOUSE EVALUATION SHEET

NAME OF VES: _____

DATE: _____

COUNTRY: _____

PROJECT NUMBER: _____

INDICATE VES':

1. ADAPTABILITY TO COUNTRY:

2. IN-COUNTRY ACTIVITIES AND INTERESTS:

3. HEALTH AS PROBLEM FACTOR:

4. OTHER COMMENTS:

RECOMMEND AS POSSIBLE CDS:

YES _____

NO _____

RECOMMEND AS TELEPHONE CONTACT FOR THIS CITY:

YES _____

NO _____

CDS: _____

VOLUNTEER EXECUTIVE EVALUATION

V.E. NAME: _____ PROJECT NO. _____

DATE STARTED: _____ DATE COMPLETED _____ COUNTRY: _____

OVERALL EVALUATION OF VOLUNTEER EXECUTIVE:

OUTSTANDING

VERY GOOD

FAIR

POOR

RELATIONSHIP WITH THE CLIENT:

OUTSTANDING

VERY GOOD

FAIR

POOR

PERSONAL FACTORS:

OUTSTANDING

VERY GOOD

FAIR

POOR

COMMENTS:

DATE: _____

BY: _____

Country Director

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Purpose of a Client Assistance Review

1. Why are we reviewing our clients instead of projects!

The Client we assist is the conduit through which our accumulated expertise is ultimately brought to bear on the developing economy of the country where you are serving. Historically our objectives have been to help the people of less developed countries speed their own economic development and improve the quality of their lives. We cannot do this alone. It is only by working through the Client and his organization that we can approach these objectives. In this sense IESC and the Client are in partnership. Therefore, it is his success which is the measure of our success.

2. What do we hope to learn?

- a) We want to determine how the Client's growth and accomplishments may have improved the well-being of the country, and this is the principle purpose of the review. An improvement in the Client's own business capability is an essential but secondary consideration.
- b) We hope to measure what the Client has accomplished in the year following our most recent assistance to him, whether or not such accomplishments are directly related to IESC's work with him. We want to identify to what extent IESC contributed to these accomplishments.
- c) We hope to present what the Client's impact may have been on the improvement of the economy and well-being of the people, expressed wherever possible in specific terms such as; number of jobs created, new products made available, improved health conditions, improved housing, etc.

3. What do we do with the Review once completed?

The Client Assistance Review is a part of our continuing program development. The program and the review are mutually complimentary, i.e., the program establishes standards and objectives for evaluation, and the review can influence and modify our program.

The Client Assistance Review is a source of strength for IESC. It should provide information on which we can grow operationally as well as guiding and even changing the direction and Emphasis of our efforts. It should help us to tell the IESC story to our Board of Directors, to U.S. Business, and to the U.S. Government.

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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 in writing by an executive officer of 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 amounts:
 - (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 accompanied 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.

(NAME OF REQUESTING COMPANY OR ORGANIZATION)

DATE _____

(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.)

12 A. If client decides to terminate this agreement anytime after 15 days of receiving written notification of the agreement's approval by IESC, U.S. Headquarters, client must pay to IESC or to its order, 20 percent of the first month contribution to reimburse expenses incurred.

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International Executive Service Corps
CUERPO INTERNACIONAL DE SERVICIOS EJECUTIVOS



INFORMACION CONFIDENCIAL PARA AID:

NOMBRE DE LA EMPRESA: _____

ACTIVIDAD PRINCIPAL: _____

NUMERO DE EMPLEADOS: _____

ACTIVOS:

PROMEDIO POR TRABAJADOR _____

TOTAL: _____

PROPIEDAD DE LOS ACTIVOS: a) Personal

b) Comercial

TECNOLOGIA DE PRODUCCION: a) Tradicional

b) Intermedia

SISTEMA DE PRODUCCION: a) Trabajo artesanal

b) Producción masiva

CLASE DE TRABAJADORES: a) Artesano

b) Operarios

ORIENTACION DEL MERCADO: a) Contra pedido

b) Para reventa

NOMBRE Y CARGO EN LA EMPRESA

FIRMA

FECHA

P R O J E C T W O R K P L A N (2)PROJECT NO. _____ COUNTRY Guatemala

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.

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.

VOLUNTEER EXECUTIVE'S REPORT OF ASSISTENCE RENDERED

Project No. _____ Country _____ Date _____

Client _____ IESC Volunteer Executive _____

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.

VOLUNTEER EXECUTIVE'S REPORT OF ASSISTANCE RENDERED

Project No. _____ Country _____

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

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?

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VOLUNTARY EXECUTIVE'S REPORT OF ASSISTANCE RENDERED (3)

Project No. _____ Country _____

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?

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

IESC Volunteer Executive _____

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CLIENT'S CONFIDENTIAL REPORT TO IESC

(Provided to IESC in accordance with paragraph #6, page 4 of the agreement)

PROJECT NUMBER _____ NAME OF EXECUTIVE _____

COUNTRY _____

Has the IESC Executive fulfilled his assignment to your complete satisfaction?

Yes

No

Please explain your answer below:

IESC would appreciate your thoughtful suggestions as to how IESC could render more efficient and valuable service to our clients.

DATE _____

SIGNATURE _____

TITLE _____

IESC-498

3-5-85

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VOLUNTEER EXECUTIVE REPORT TO A.I.D.

Name of Client:

VE:

Type of Business:

Date:

Describe the actual assistance rendered and the sequence of actions in which you engaged.

Describe in reasonable detail the results achieved.

How will this project benefit the client organization.

What improvements and changes have already been achieved and what recommendations or plans are still to be implemented.

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