

I. PROJECT IDENTIFICATION

1 PROJECT TITLE
Investment Negotiation Center

APPENDIX ATTACHED
 YES NO

2. PROJECT NO. (M.O. 1095.2)
930-11-995-048

3 RECIPIENT (specify)
 COUNTRY **Worldwide**
 REGIONAL INTERREGIONAL

4. LIFE OF PROJECT
BEGINS FY **1976**
ENDS FY **1977**

5. SUBMISSION
 ORIGINAL **June 16, 1976**
 REV. NO. _____ DATE _____
CONTR./PASA NO. _____

II. FUNDING (\$000) AND MAN MONTHS (MM) REQUIREMENTS

A FUNDING BY FISCAL YEAR	B. TOTAL \$	C. PERSONNEL		D. PARTICIPANTS		E. COMMOD- ITIES \$	F. OTHER COSTS \$	G. PASA/CONTR.		H. LOCAL EXCHANGE CURRENCY RATE: \$ US _____ (U.S. OWNED)		
		(1) \$	(2) MM	(1) \$	(2) MM			(1) \$	(2) MM	(1) U.S. GRANT LOAN	(2) COOP COUNTRY	
										(A) JOINT	(B) BUDGET	
1 PRIOR THRU ACTUAL FY												
2. OPRN FY 76	62	42	12				20	62	12			
3 BUDGET FY												
4 BUDGET 41 FY												
5. BUDGET 42 FY												
6. BUDGET 43 FY												
7 ALI SUBJ. FY												
8. GRAND TOTAL	62	42	12				20	62	12			

9. OTHER DONOR CONTR. BUTIONS

(A) NAME OF DONOR	(B) KIND OF GOODS/SERVICES	(C) AMOUNT
N/A	N/A	N/A

III. ORIGINATING OFFICE CLEARANCE

1 DRAFTER **John Shannon**
John Shannon, PPC/DPRE/PR
TITLE **Project Review Officer**
DATE **June 16, 1976**

2 CLEARANCE OFFICER **Arthur Handly**
Arthur Handly, PPC/DPRE
TITLE **Associate Assistant Admin.**
DATE _____

IV. PROJECT AUTHORIZATION

1 CONDITIONS OF APPROVAL

2 CLEARANCES

BUR OFF.	SIGNATURE	DATE	BUR OFF.	SIGNATURE	DATE
PPC/PB	C. S. Biddle	6/18	A/DP,	R. Roan (Info)	
PPC/GC	C. Gladson	6/18	APR/DP	D. Wilson (Info)	
Sp Asst. AA/PPC	R. Crisler	18/6	NE/TECH	D. Steinberg (Info)	

3 APPROVAL AAS OR OFFICE DIRECTORS

SIGNATURE **Alexander Shakov**
DATE **6/18/76**
TITLE **DAA/PPC**

4. APPROVAL A/AID (See M.O. 1025.1 VI C)

SIGNATURE _____ DATE _____
ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT PAPER FOR AN A.I.D. GRANT

FOR

The Investment Negotiation Center
Institute for International and Foreign Trade Law
Georgetown University Law Center

October 1975

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I. INTRODUCTION

A. The Institute for International and Foreign Trade Law of the Georgetown University Law Center was founded in 1955 to study international economic and legal problems in coordination with a sister institute in Germany. Since that time, the Institute's research, publications, training, exchange, teaching and conference programs have been broadened and reoriented to include training programs in and for the developing countries, problems of multinational investment, and programs specifically oriented to the foreign law student, scholar or practitioner studying or working in the United States. In addition to the training in investment negotiation discussed in this proposal, Institute programs include the training of developing country officials in government procurement of goods and services, an introductory course for foreign lawyers and law students in the U.S. legal system, conferences and colloquia on international legal and economic problems, publication of books and articles including the basic guidebook, A Lawyer's Guide to International Business Transactions, work in the area of the control of multinational investment, exchange programs, and special programs for individual developing country officials (many of these programs have been under A.I.D. sponsorship). The Institute has cooperated with foreign governments, the United States Agency for International Development, and international institutions such as the World Bank and the United Nations in conducting

training programs.

The Institute's experience in training developing country officials, its established relationships with a wide range of government officials in developing countries, the extensive network of legal practitioners, economists and academics associated with our training programs, and the specific experience we have had in the area of training officials in the negotiation of investment agreements, has led not only to a high level of respect and confidence among our trainees and their superiors, but has also demonstrated our ability to effectively undertake projects in this area.

B. The Investment Negotiation Center, the program which is the subject of this project paper, is part of the Institute for International and Foreign Trade Law and is co-sponsored by the Parker School of Foreign and Comparative Law of Columbia University. To date, the Center has conducted two two-month training courses in investment negotiation for officials from 13 developing countries. The Directors of the Center are Professor Don Wallace, Jr., Director of the Institute and Professor of Law at the Georgetown University Law Center, and Professor Robert Hellowell of the Columbia University School of Law. All of the Center activities are administered by the Institute at the Georgetown University Law Center.

I. RATIONALE

A. Program Grant

1. Background

The object of the Investment Negotiation Center is to assist officials from developing countries to more effectively and systematically conduct their negotiations with foreign direct investors. Such a program must necessarily include training programs with practical orientations, academic investigation of the investment relationship and negotiation process, and analysis and dissemination of information and materials essential to more effective negotiating performance. With the assistance of an A.I.D. Grant, the Institute will be specifically aided in the further planning and development of its Investment Negotiation Center. This includes further development of training programs, a document center, an advisory service, training materials and reference materials.

While official financial and technical assistance has been and continues to be the mainstay of the development effort of many developing countries, it has become increasingly apparent that the flow of private resources between the industrialized and the less developed world is a vital and effective way of accomplishing critical development goals. Private direct investment has provided the bulk of the external contribution to the development of the directly productive sectors: manufacturing, service industries, mining, oil production and agriculture. Direct investment by foreign corporations assists developing countries by providing the essentials to sustained and effective economic growth. capital, technology and

know-how. Yet, despite the demonstrated ability of foreign direct investment to provide various ingredients to the development process, the divergent interests and attitudes of the international investor corporation and host country have often created conflicts and produced projects with only marginal development effects.

While the range of activities which should be undertaken to deal with the problems of foreign direct investment in developing countries is vast, particular and immediate attention should be given to the process and results of negotiation between host countries and investors. One recent U.N. report stressed the importance of this process in saying that "Negotiations determine more specifically how key decisions are made, the extent and type of contribution of local and foreign inputs, the size of the market for final products and, at times, even delineate the kind of impact that the activity may have on governmental policies and in the social and political fields."* The U.N. report reflects the growing feeling that the first step in effectively dealing with the problems of investment is to deal with the problems of negotiation. This is particularly true if significant progress is to be made in redressing the inequality of bargaining power and expertise which may encourage inequitable and unbalanced solutions in the short run and political reprisals in the longer run.

*Multinational Corporations in World Development, United Nations (1973). This report prepared by the Department of Economic and Social Affairs provided the basis of initial U.N. deliberations on multinational corporations.

The first step in facilitating more effective negotiations and mitigating potential conflicts must be the encouragement of an understanding of and respect for the other party's objectives and operational constraints. One writer has assessed the potential benefits of a greater knowledge of opposing bargaining positions as follows:

Bargaining would be far less complex and the outcome more readily predictable if each party could estimate confidently the intentions and the relative bargaining strength of his opponent. Part of the surface conflict may be regarded as an effort to gauge the strength of the opponent; but even with such explorations there may still be considerable doubt on each side about the acceptability of various offers, how a given proposal will be countered, and what action might provoke an extreme reaction from the other side. With perfect knowledge, the area within which serious negotiation could take place would be generally recognized and solutions could perhaps be more readily achieved.*

The availability of pertinent information to developing host countries would tend to strengthen their position as well as their capabilities vis-a-vis potential investors. This information should include business, economic and legal materials concerning investment negotiation and the investment relationship.

A further informational need relates to the systematic study and analysis of actual cases. A particularly important area would be an analysis of selected contractual arrangements with investor corporations. The documentation of mistakes and deficiencies

*Mikesell, Foreign Investment in the Petroleum and Mineral Industries, John Hopkins Press (1971), p. 44.

could have a significant impact on future negotiations. Model contracts incorporating essential features could be developed as reference tools to be used both in preparation for negotiations (recognizing the problems of using these out of context), and in the actual negotiation process.*

Generating relevant information, case studies and documents is, however, but part of the equation. It is equally important to develop a degree of expertise within the developing countries whereby competent and informed personnel are available to negotiate with foreign investors. Building up such a corps of personnel requires not only the establishment of training programs directed toward upgrading negotiating capabilities and transmitting an understanding of the objectives and operational modes of investors, but also the preparation of specialized instructional materials from case studies which are effective teaching tools in these and other programs.

There is a shortage of officials in the developing countries qualified to negotiate private investment arrangements. This lack of expertise has quite frequently resulted in negotiations with unsuitable investors, prevented negotiations of agreements, or caused negotiations to be concluded on terms unfavorable to the developing country. Sometimes the developing country received little benefit

*Multinational Corporations in World Development, United Nations (1973), p.88. The U.N. Study recommended the development of model contracts and comparative analyses of past negotiations and agreements.

from the investment and as a result has developed a negative attitude toward foreign investment. Consequently, there is a great need to strengthen the Center and its ability to provide training and assistance in the foreign investment negotiation process.

The concept of the Investment Negotiation Center is largely the outgrowth of the perceived need for action in this area. It includes three essential components: (1) the collection and analysis of information on foreign investment and negotiation; (2) training programs for developing country negotiators; and (3) a service to provide advice and information with respect to the negotiation of investments. The results of the first component - the Investment Negotiation Courses - and the positive feedback from the participating countries, the faculty and such agencies as the World Bank, U.N., and A.I.D. have convinced us of the necessity of continuing with our plans to expand upon other components of the Center.

In summary, the Investment Negotiation Center intends to provide a program of training, information supply and advisory services in the investment area to developing countries. It hopes to reach a target group of key government officials with responsibilities for dealing with foreign capital and technology transfers and to improve their abilities to deal with foreign investors. The focus of the programs will be on the negotiation process, the investment relationship, and the structuring of projects in critical development sectors.

2. Purpose

The purpose of the A.I.D. Grant would be to increase the capability of the Institute for International and Foreign Trade Law through its Investment Negotiation Center to assist the developing countries in maximizing the social and economic benefits derived from the flow of private foreign resources into their productive sectors. Of primary importance is the further development of our capabilities to deal with personnel deficiencies and the development of adequate sources of information for developing country negotiating teams.

Such increased capability will allow the Institute and Center to:

1. Annually train, in the basic course in Washington, 25-30 government officials from developing countries in the legal, economic, financial and business skills necessary to negotiating and implementing effective and systematic relationships with foreign investors;
2. Develop related training programs (regional or national in scope) to attack the deficiencies of developing country officials in the area of investment negotiations;
3. Develop materials and methods of training which are effective in dealing with the above mentioned personnel deficiencies;
4. Identify and process documents and related information which, when disseminated, will assist developing countries in their

- negotiations;
5. Develop an advisory service which would be in a position not only to offer external assistance to developing countries in their negotiations, but which would also offer assistance in the development of the machinery and procedures for dealing with foreign direct investors and train personnel;
 6. Undertake practically oriented research, in cooperation with academics and practitioners from developing countries, to explore numerous problem areas of the investment relationship (particular emphasis would be placed on research directed toward upgrading negotiating skills in the developing countries)
 7. Develop the capability to follow-up training programs by providing support materials for former participants (the Document Center) and a newsletter.

B. Methodology

The philosophy of the Institute in undertaking the work of the Investment Negotiation Center is to assist the developing countries by attacking primary deficiencies - personnel and information - which impede the most effective use of private foreign investment in their development efforts. All programs will endeavor to improve the internal capabilities of developing countries to effectively and systematically deal with investment negotiations and the investment relationship.

The following activities are contemplated as part of the Investment Negotiation Center:

1. Training Activities - A variety of activities are contemplated or have been undertaken in an effort to deal directly with personnel deficiencies in the developing countries. Of primary importance is the development of training materials and methods for attacking these deficiencies on a wide scale. The Investment Negotiation Course is given annually in Washington (to date two two-month courses have been held) with 25-30 participants per year drawn from a limited number countries. It is intended that materials developed for this course and in related Center activities can be used to give courses and seminars in other parts of the world. A number of countries and international institutions have expressed interest in such courses.

Using the course curriculum, lectures, case analyses and simulations as a basis, the Center will prepare and publish a training and reference manual on the subject of investment negotiation. This manual will contain chapters based on various lectures and readings dealing with substantive legal, economic and business issues as well as case studies, simulations used in training courses, and model agreements. The manual will be updated to reflect developments in the field.

All three elements of the Center's training activities - the Investment Negotiation Course, national and regional training programs, and the related preparation of training materials and the compilation of a training and reference manual - are essential steps in dealing with the problems of building up developing countries' capabilities to negotiate more effectively with foreign direct investors. No training programs or publications currently available adequately deal with the problems of the negotiation of investments despite the growing awareness that the process of negotiation has an impact on the realization of development goals equal to, and in some cases more important than, the more studied process of project evaluation.

2. Document Center - The Center will serve to meet a major need in the area of investment negotiation through the collection, analysis and dissemination of documentary information. Of primary importance is the collection and orderly cataloguing of investment and concession agreements, the documentation of past mistakes and deficiencies, analysis of essential contractual features, and development of model contracts and agreements. The purpose of the Document Center would be to further assist the developing countries in the negotiation of investment, management, technical assistance, licensing and major

project procurement agreements by making them aware of various contractual forms drawn from the actual experience of a number of other developing countries. In addition, we would hope that a continued flow of materials to former course participants could augment the training they received from our courses. Various formats will be used to annotate and compare the agreements and contracts.

3. The Advisory Service and Other Activities - The Advisory Service (in which the American Bar Association and others have expressed an interest) would send a limited number of American lawyers overseas to strictly identified jobs. They would assist the host country in their negotiations with foreign investors, in refining mechanisms and procedures for dealing with foreign investors and, just as important, cooperate with the Investment Negotiation Center in the training of personnel.

It is intended that the work of the Center will ultimately have a real impact on those particular countries which participate in our courses and in the Document Center and to which advisors may be sent. In this connection, we hope to generate a real interest and competence in the governments and other relevant institutions of such countries. To further this end, we are contemplating recruiting one or two academics

a year from developing countries to undertake practically oriented research and explore aspects of the investment relationship and the process of negotiation. It is intended that these individuals through training received at the Center and their research activities will then be able to return to their own countries and lead local training efforts. We have had preliminary discussions with the Asia Foundation about this aspect of our work.

The functions of these last components of the Center would become more defined as experience clarifies the means of being most effective. The size of the task would necessarily require careful consideration of the limits of Center activity, the volume of the services to be made available, and the areas of major concern. It is essential, however, that the Center explore and develop a Document Center for its potential impact on negotiations, its great utility as a means of transmitting essential information about the investment relationship, and as a tool of continued training. It should be noted that the Center's program is an attempt to institute innovative methods of dealing with problems which heretofore have been discussed but never implemented. As such, the specific operational methods of the Center will largely be dictated by the ongoing perception of competing needs and potential solutions in the investment negotiation process.

4. Participating Countries - While a number of other countries from Asia, Africa, Latin America and the Middle East will undoubtedly be included in the expanded activities of the Center, to date the following countries have participated or expressed an interest in participating in the Center's activities:

Ghana	Thailand
Nigeria	Philippines
Kenya	Kuwait*
Sudan	Indonesia
Pakistan	Malaysia
Afghanistan	Korea
Saudi Arabia*	Egypt
Iran*	Taiwan
Bangladesh	

*While many countries have relied upon donor agencies (e.g. Ford Foundation, the UNDP, or A.I.D.) to finance their participation, the oil rich countries have, of course, financed their own participation. Preliminary discussions have been held with various institutions in the oil rich Arab countries with a view toward securing funding from them to finance participation by poorer Arab countries and others. There would appear to be interest on their part in assisting at least Egypt and Sudan if not others.

5. Investment Negotiation Course

a. The Investment Negotiation Course which has been given twice and attended by 51 developing country officials is, to date, the central activity of the Center. It is given annually in June and July in Washington and is specifically designed for government officials from developing countries whose jobs involve dealing with foreign investors. The course provides the information, insights and skills needed to negotiate effectively with multinational corporations and other private foreign investors. There are two major parts to the course: the first is a series of lectures, discussions and related problem sessions; the second consists of a detailed case analysis and simulated negotiations. Lectures and problem sessions are directed toward a thorough understanding of the motivations, strengths and perceptions of investors and lenders from the developed countries, the laws, policies, methods, and constraints under which they operate, and the principal modes of capital and technology transfer. The second part of the course consists of a detailed analysis of an actual project negotiation and two simulated negotiations which require application of the information and techniques learned in the first part of the course.

b. Curriculum. The first part of the course covers six general topics:

- (i) Project analysis: the perceptions of projects arrived at through the investor's, lender's and host country's various modes of economic, social and financial analysis. The one-week section of the course is taught by the staff of the Economic Development Institute of the World Bank and others.
- (ii) The foreign investor: what negotiators should know about internal structures, strategies and motivations of investor corporations; the tax law of the investor's home country; accounting; and anti-trust.
- (iii) The investment climate: a critical analysis of host country laws and policies which influence the investment decision.
- (iv) Financing: money markets; motivations and constraints on private lenders; legal problems in drafting loan agreements, bi-lateral and multi-lateral public lending; the financial package. This section has included visits to major N.Y. banks both for lectures and discussion.
- (v) Form of investment: joint ventures; management contracts; technical assistance agreements; patent

and know-how licensing agreements; natural resource development agreements; construction contracts; renegotiation of investment agreements.

(vi) Preparation for actual negotiations: securing assistance; dynamics of the negotiation process; analysis of an actual negotiation

In addition to the lectures and problem sessions, one short simulated negotiation dealing with issues of project financing and one group work problem focusing on the choice of competing industrial project proposals is conducted. This section of the course also includes two participant panels in which a model investment law and agreement are considered in light of both the lectures and the policies of the participants' home countries.

The second phase of the course consists of a detailed case analysis and two major simulated negotiations. The case analysis looks at the negotiation of a major investment project and the final agreements which were concluded. The simulated negotiations, set in the mining, petrochemical, industrial or integrated agribusiness sectors, place the participants in the roles of various corporate executives, government officials and representatives of lending institutions as they

apply the information and techniques they have learned to these negotiations.

In the simulations, each participant is assigned a role in the negotiation, which if possible is reversed in the following negotiation. For each simulated negotiation participants are given large loose-leaf binders of materials describing the posture of the parties and prior progress of the negotiation, relevant economic and financial factors in the given country and sector, a briefing memorandum for each role, and a draft document embodying any preliminary understandings. Under the guidance of "principals" (simulation faculty), participants hold strategy sessions, individual negotiations, and plenary sessions over a period of about one week, with a view toward completing a document containing final agreement of the major issues in each negotiation. A detailed evaluation is held at the end of each simulation to analyze the results, suggest improvements and alternatives, and compare the various possible approaches to resolving the issues involved in the negotiation problem.

The problem sessions, cases analysis and simulations are designed not only to cover a broad range of issues, but also to expose the participants to project negotiations within the contexts of several economic sectors.

In addition, different forms of agreement are dealt with, ranging from joint ventures between private parties to joint ventures with host governments, management contracts, licensing agreements, technical service agreements and various forms of natural resource development agreements.

c. Faculty and Readings. The faculty of the course is headed by Professors Don Wallace, Jr. and Robert Hellawell, Co-Directors of the Investment Negotiation Center. Lecturers all experienced in the field of foreign investment, are drawn from the legal, business, financial and academic communities and national government and international agencies (EDI and others). The faculty is largely American, but is also drawn from all other parts of the world. Problem sessions are conducted by professors of international business, finance or law. Simulated negotiations are guided by "principals", lawyers who have extensive personal experience in investment negotiation, and assisted by staff members of the Institute who have prepared the negotiation materials

Readings for participants are assigned by most lecturers and are made available to the participants well in advance of the lecture at which the reading will be discussed. In addition, a list of selected readings will be provided for most subjects. The Center is also in the process of pre-

paring a training manual which will be distributed to the participants for use in the courses.

C. Transition After Grant

Upon completion of the Grant, the Institute intends to continue the activities initiated under the Grant. This will be accomplished through a variety of means including course fees (currently included in the annual budget) from the annual course held in Washington, fees from regional, subregional and national courses, and through renewed fund raising efforts. It is contemplated, however, that the combination of fees from the Washington course and those given abroad can sustain the activities contemplated. It should be noted that the additional staff provided from the A.I.D. Grant would allow us not only to develop the various aspects of the Center previously discussed, but also to fully explore the numerous possibilities for training programs in cooperation with governments, international and regional institutions. In essence, the A.I.D. Grant would not only allow us to develop the various programs described in this paper, but also to explore them fully as sources of ongoing revenues with which to finance Center activities. Thus, course fees, fees from national and regional training programs, and fees from a fully operative Document Center could provide the basic financing for continued operation of the Center.

D. The Role of Women in the Institute for International and Foreign Trade Law and in the Investment Negotiation Center

Women play a significant role in both the activities of the Institute and as participants in the programs of the Center. Two key staff positions of the Institute, the Assistant Director of the Institute and the Administrator of Student Programs, are held by women. Out of a staff of non-clerical and non-secretarial personnel numbering 9, two are women (a third just finished a graduate fellowship at the Institute). In addition, one woman office manager and one woman secretary are employed.

Of equal importance in assessing the role of women, is the success we have had in attracting women from developing countries to our two Investment Negotiation Courses. To date, eight of the fifty-one participants in the course have been women. Half of the Egyptian participants and one-quarter of the Philippine participants have been women. In addition, one of three Ghanaians, one of five Iranians, and one of seven Indonesians attending the courses were women.

III. PROJECT NARRATIVE

A. Program Goal

1. Statement of Goal

The broader objective to which this project contributes is the improvement and development of the capabilities of developing country governments to more effectively and systematically conduct their negotiations with foreign investors. This increased capability should enable participating countries to better direct private foreign resources into critical development areas and to improve social and economic benefits from such projects.

2. Measurement of Goal Achievement

- a. Capabilities of participating governments and institutions to effectively and systemically conduct their negotiations will have improved.
- b. Access to documents and related information will have been enhanced.
- c. Increased effectiveness of directing foreign investment toward maximizing social and economic benefits.

3. Means of Verification

- a. Continued performance of participants as documented by Center field visits and questionnaires.
- b. Feedback from course faculties and others (lawyers, businessmen and economists) who have continued contact with participant

4. Assumptions

- a. That the established relationship between the Center and participating governments continues.
- b. That the flow of private foreign resources into developing countries continues to be an important factor in development efforts.
- c. That documents for the Document Center will be released.
- d. That participant reports and reports made by course faculties and other accurately reflect the results.

B. Project Purpose

1. Statement of Purpose

The purpose of this grant is to institutionalize the training, advisory and information programs of the Institute and its Investment Negotiation Center and to build up its self-sufficiency and ability to carry out its related programs.

Once the additional staff is in place, the specific components of the Center not yet underway will be further defined and work will begin on developing the Document Center, the Advisory Service and the national and regional programs.

2. End of Project Status

It is intended that by the end of the Grant period the Center will have developed and implemented a number of ongoing programs. The combination of these operative programs and the fees therefrom should

be capable of sustaining the Center's operation. If it appears that revenues from the various programs will be insufficient to sustain operations at an acceptable level, fundraising efforts will be undertaken. It is, however, our belief that the fully developed programs will enable us to expand our funding support to achieve institutional purposes. Consequently, the Center should be a self-sustaining institutionalized operation at the end of the 4 year Grant.

3. Means of Verification

- a. Continued demand for Center programs as evidenced by applications for the annual course, requests for national and regional programs, growth of the Document Center.
- b. Ongoing funding from course fees (25-30 participants/year), national and regional programs (1-2/year), and fees from the Document Center and training and reference manual.

4. Assumptions

That the fees for the Document Center, the basic course, and regional and national training programs can be expanded to achieve institutional purposes.

C. Project Outputs

1. Outputs

The outputs to be obtained from the Grant will be:

- a. Expanded staff
- b. Increased capability to provide training, information and advisory services.
- c. Annual Investment Negotiation Course in Washington
- d. Development and implementation of other training programs.
- e. Development and implementation of the Document Center and Advisory Service
- f. Preparation of a training and reference manual and other training materials

Working from the experience gained in the development and operation of the basic Investment Negotiation Course in Washington, the Center will develop its Document Center, an advisory service, and related training programs which can be given abroad at the request of both governments and international institutions. These related training programs may be variations of the basic course (i.e. short seminars for various levels of officials), more specialized programs in certain sectors (e.g. programs dealing with investments and development in the food production or mining area), or longer term training programs revolving around the Advisory Service or academics that have been in residence at the Center.

The preparation of a basic Investment Negotiation Training and Reference Manual is essential to developing the Center's capability to undertake the variety of programs planned. In addition, training materials for individual programs will be developed to supplement the basic manual. Finally, the Document Center will serve not only as a source of information for developing country negotiating teams, but will provide a further mechanism for use in training.

2. Magnitude of Outputs

- a. Center staff increased by 1 Executive Director, 1 Graduate Fellow, 1 full time secretary, and time of additional personnel (Co-Directors, Assistant Director of the Institute, and graduate fellow) allocated to the Center.
- b. 1 Document Center and 1 Advisory Service operative.
- c. 3-5 national or regional training programs operative.
- d. Training and reference manual.
- e. 1 annual Investment Negotiation Course in Washington.

As regards the magnitude of outputs, some observations should be made. It is currently difficult to estimate the size (in terms of number of documents) of the Document Center. Clearly the Center will attempt to have a large enough collection of documents so that it is representative of the various alternatives available in each type of arrangement (e.g. joint venture agreement, licensing agreement, etc.) and in each major sector (e.g. mining, manufacturing,

etc.). In addition, the collection of documents will be divided into those which are simply collected and catalogued and those which are annotated, analyzed comparatively or used in case studies. The total collection should, however, number more than one hundred agreements and contracts of various kinds.

The number of national and regional programs which will be held depends on demand and our ability to meet those demands. Our experience indicates that 3-5 of these programs are possibilities (we have already had preliminary requests and are exploring possibilities for two) during the course of the Grant. Clearly, once we have developed one or two of these programs we will have the capability to expand our activities in this area.

3. Means of Verification

- a. Payroll and accounting records.
- b. Inspection and reports of the Document Center and Advisory Service.
- c. Reports and records of national and regional training programs.
- d. Copy of training and reference manual and training materials.
- e. Annual report on the Investment Negotiation Center in Washington.
- f. USAID visits to Center and programs.

4. Assumptions

- a. Qualified staff available.
- b. Documents are available.

D. Inputs

1. Inputs from A.I.D.

- a. A \$320,000 A.I.D. Grant (\$80,000/year)

2. Inputs from Others

A variety of inputs from sources other than A.I.D. are contemplated. These will initially include approximately \$50,000 in annual fees derived from the basic Investment Negotiation Course given in Washington, the use of classroom and seminar rooms made available by the Georgetown University Law Center, and voluntary services of course faculty and others amounting to between 200 and 250 man hours per year. In addition, as the various programs are developed, revenues from these will come in. Our experience indicates that fees to cover the overhead and indirect costs of training programs (other than the basic course) will eventually equal \$7,000 to \$10,000 per course. In initial programs, however, only small fees are likely. The Document Center, when completely operative, may be a means of generating fees. The Advisory Service will not generate fees but should be self-financing in the sense that external sources will finance the advisors.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY _____ to FY _____
Total U. S. Funding _____
Date Prepared: _____

Project Title & Number: _____

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes: To improve and develop the capabilities of developing country governments to more effectively and systematically conduct their negotiations with foreign investors with a view towards directing private foreign resources into critical development areas and maximizing social and economic benefits from such projects</p>	<p>Measures of Goal Achievement:</p> <ol style="list-style-type: none"> 1. Capabilities of participating governments and institutions to effectively and systematically conduct their negotiations will have improved. 2. Access to documents and related information will have been enhanced. 3. Increased effectiveness of directing foreign investment toward maximizing social and economic benefits 	<ol style="list-style-type: none"> 1. Continued performance of participants as documented by Center field visits and questionnaires. 2. Feedback from course faculties and other (lawyers, businessmen and economists) who have continued contact with participants. 3. Improvements as reflected in reports of the Document Center. 	<p>Assumptions for Achieving Goal Targets:</p> <ol style="list-style-type: none"> 1. That the established relationship between the Center and participating governments continues 2. That the flow of private foreign resources into developing countries continues to be an important factor in development efforts. 3. That documents for the Document Center will be released. 4. That participant reports and reports made by course faculties and others reflect the reality.
<p>Project Purpose: To institutionalize the training, advisory and information programs of the Institute and its Investment Negotiation Center and to build up its self-sufficiency and ability to undertake training programs and carry out its related programs.</p>	<p>Conditions that will indicate purpose has been achieved; End of project status: The Center is a self-sustaining, institutionalized operation at the end of the 4 year Grant.</p>	<ol style="list-style-type: none"> 1. Continued demand for Center programs as evidenced by applications for the annual course, requests for national and regional programs, growth of the Document Center. 2. Ongoing funding from course fees (25-30 participants/year), national and regional programs (1-2 a year), and fees from the Document Center and training and reference manual. 	<p>Assumptions for achieving purposes:</p> <ol style="list-style-type: none"> 1. That the fees for the Document Center, the annual course, and regional and national training programs can be expanded to achieve institutional purposes.
<p>Outputs:</p> <ol style="list-style-type: none"> 1. Expanded staff 2. Increased capability to provide training, information and advisory services. 3. Annual Investment Negotiation Course in Washington 4. Development and Implementation of other training programs. 5. Development and Implementation of the Document Center and Advisory Service. 6. Preparation of a training and reference manual and other training materials. 	<p>Magnitude of Outputs:</p> <ol style="list-style-type: none"> 1. Center staff increased by 1 Executive Director, 1 Graduate Fellow, 1 full time secretary, and time of additional personnel (Co-Directors, assistant director of the Institute, and graduate fellow) allocated to the Center. 2. 1 Document Center and 1 Advisory Service operative. 3. 3-5 national or regional training programs operative. 4. Training and reference manual. 5. 1 annual Investment Negotiation Course in Washington. 	<ol style="list-style-type: none"> 1. Payroll and accounting records. 2. Inspection & reports of the Document Center and Advisory Service. 3. Reports and records of national or regional training programs. 4. Copy of training and reference manual and training materials. 5. Annual report on the Investment Negotiation Course in Washington. 6. USAID visits to Center and programs. 	<p>Assumptions for achieving outputs:</p> <ol style="list-style-type: none"> 1. Qualified staff available. 2. Documents are available.
<p>Inputs:</p> <ol style="list-style-type: none"> 1. Grant from A.I.D. 2. Fees from training programs 1. Fees from Document Center 4. Funds for Advisory Service 5. Voluntary service of course faculties and others. 6. Georgetown University Law Center: Contributions in kind, classrooms and seminar rooms 	<p>Implementation Target (Type & Quantity)</p> <ol style="list-style-type: none"> 1. \$320,000 A.I.D. Grant (\$80,000/year). 2. \$50,000 in fees annually from the Investment Negotiation Course in Washington. 3. \$7,000-10,000 fee per course to cover Center's indirect costs and overhead connected with national and regional training programs. 4. Approximately \$45,000 per Advisor for the Advisory Service. 5. 200-250 man hrs. of volunteered time from legal, economic and business communities. 6. 1 classroom and 4 seminar rooms for the annual Investment Negotiation Course. 	<ol style="list-style-type: none"> 1. Payroll and Accounting Records. 2. List of individuals volunteering time. 3. Report of classroom and seminar rooms used in courses. 	<p>Assumptions for providing inputs:</p> <ol style="list-style-type: none"> 1. Continued support from the U.S. legal community for the Advisory Service.

IMPLEMENTATION PLAN AND TIMETABLE

Staffing

It is intended to have the Center fully staffed within 2-3 months of receipt of the Grant. This will include continued services of the Co-Directors and hiring a full-time executive director and staff (secretarial, research assistants and graduate fellows).

Programs

1. Investment Negotiation Course - This course will be held annually during June and July in Washington, D.C.
2. Training Materials - The preparation of additional training materials and the teaching/reference manual (which will be revised as new issues are identified) will take from 9-12 months. A draft of the manual should be ready for the 1976 training course and will be revised according to its effectiveness in the course.
3. Document Center - Various formats will be developed within 2-3 months of full staffing of the Center. Subsequently, the usefulness of the formats in meeting developing country needs will be evaluated by both government officials, private practitioners and others involved in the field. Once various formats are decided upon, administrative procedures clarified, and means are devised to secure an adequate and continued flow of documents, the Document Center will become operational. The timetable

appears below:

1. Identification of possible formats 2-3 months
2. Evaluation of the formats and determination of those to be used- 2 months
3. Preparation of Sample Documents- 2 months
4. Identification of sources of documents and recipient institutions and countries - 2 months
5. Receipt of Initial Documents to be processed through the Center and made available for distribution - 2 months

The Document Center will be an ongoing program of the Investment Negotiation Center. Where possible the above timetable will be accelerated by working on the various steps simultaneously.

4. Advisory Service - Further refining of the concept, identification of tasks to be performed, institutions interested in receiving advisors will be developed in 12-18 months after the Grant is awarded. Initial advisors should be placed within 24-30 months.
5. Other Training Programs - The process of identifying interested institutions and governments for regional and national training programs is underway. Within 2-6 months it is believed one or two such programs will have been identified. Preparation of curriculum, materials, funding, etc. would take 6-8 months from the time of any agreement to move forward with a program. It is

contemplated that the first of such programs might take place within 12-18 months of the Grant award. Additional programs would be given as they are developed. It should be noted, however, that preparations for subsequent programs would be facilitated by the experience of the first.

6. Talks are currently underway concerning the bringing of academics from developing countries to the Institute. It is contemplated that the first one might attend the course in June and July, 1976, and continue in residence at the Center for one year thereafter. Within 8-12 months of the Grant award this program, including follow-up in the academic country, should be defined and underway.

VI. ILLUSTRATIVE ESTIMATED BUDGET

The budget below represents the total Investment Negotiation Center budget with a proposed breakdown of expenses which would be allocated to the A.I.D. Grant and to revenues from the fees of the basic course. Where available, the figures are based on actual costs for the 1975 Investment Negotiation Course given last summer. Non-personnel costs of the Document Center (i.e. reproduction and mailing) will be charged to participating institutions; direct costs of national and regional training programs will be charged to sponsoring governments or institutions; and the non-administrative costs of the Advisory Service will be funded separately. In addition, it should be noted that rising costs due to inflation, salary increases, and increases in fringe benefit costs will be carried out of non-A.I.D. revenues. These sums will be generated primarily from course fees and training program fees.

ANNUAL OPERATING BUDGET OF THE INVESTMENT NEGOTIATION CENTER

I. From A.I.D. Grant (proposed)

Executive Director	\$25,000
Stipend for 1 Co-Director (Professor Hellowell)	6,000
Other Staff	
Secretary	8,000
Graduate Fellow	8,200
Graduate Fellow (half time)	4,100
Recruiting & Travel	10,000
Printing & Books	1,200
Reproduction of Training Materials	900
Fringe Benefits (20%) associated with applicable costs above (i.e. salary of executive director and secretary)	6,600

University Indirect Costs (assessed
at 17.3% of all items above
except graduate fellows) \$10,000

TOTAL EXPENSES FROM A.I.D. GRANT \$80,000

II. From Course Revenues

Stipend for 1 Co-Director
(Professor Wallace) 9,000
Consultants 2,000
Secretary (half time) 4,000
Research Assistant 5,100
Assistant Director of the Institute
(time allocated to INC) 2,400
Fringe Benefits (20%) associated
with applicable costs above
(i.e. Director's Stipend, Assistant
Director's allocated time) 2,280
Course Faculty Costs 7,000
Travel & Per Diem
Honoraria 2,000
Other Course Costs (printing,
books and teaching materials
included above under A.I.D.)
Social Secretary 600
Social Events 1,800
New York Trip 2,500
Other Costs of the Center
Reproduction 2,000
Supplies 800
Phones 1,200
Rent 4,000
Expenses of Lawyer Selection Committee 2,000
Contingencies 1,320

TOTAL EXPENSES FROM COURSE REVENUES \$50,000

TOTAL BUDGET \$130,000

VII. EVALUATION AND REPORTING

Center staff will submit a program and evaluation report on the results of the Grant annually beginning one year after the awarding of the Grant. Such reports will include progress towards program goals, compliance with timetable, and comments from both participating officials and outside practitioners, economists and professors who assisted with the project.

During the final month of the project Grant, a final evaluation report will be submitted which will include an assessment of success in achieving the goals and the stated End of Program Status, a review of the impact of the Center on recipient officials and governments, and suggested ideas for future programs in the area. Both the annual and final evaluation will attempt to provide information for making program changes in order to improve project performance and more effectively achieve the stated goal.

Evaluation as an ongoing process of measurement will attempt to focus on both quantitative and qualitative project outputs. Among these are:

- (1) Expanded staff;
- (2) Development of additional programs in the investment negotiation area (i.e. the Document Center, Advisory Service, teaching materials, reference manual, and national and regional training programs);
- (3) Improved capacity to give training programs and to deliver

the related services through the Document Center and Advisory Service;

- (4) Institutionalization of Center programs and progress toward self-sufficiency.

Of equal importance will be the indications and measurements of how well project goals are met. An attempt will be made to measure the success of the Center both in terms of its quantitative and qualitative outputs. Among these are:

- (1) the success of Center programs in reaching the target group of key officials involved in the development process;
- (2) the level of participation in and commitment to Center programs by developing country governments and institutions;
- (3) the development of regional and national training programs;
- (4) the effectiveness of the Document Center, teaching materials, and reference manual in meeting the real and perceived needs of developing countries for both training and information.

The principal measure of the Center's success is its effectiveness in developing both the human resources in and the availability of useful information to target countries. While its success is essentially a qualitative judgement, the following factors might be considered in evaluating success:

- (1) the level of officials attending training programs and their positions subsequent to the course;
- (2) the number of countries participating in the Document Center and the frequency of its use;
- (3) the number of training programs held;

- (4) the number of countries participating in the Advisory Service;
- (5) the level of financial commitment to Center programs by governments and international or regional institutions.