

PD-ARB-760
68290

ACTION MEMORANDUM FOR THE DEPUTY ASSISTANT ADMINISTRATOR
BUREAU FOR PRIVATE ENTERPRISE

FROM: PRE/PPR, *John V. Gelb*
John V. Gelb

PROBLEM: Three Hundred Thousand Dollars of funds need to be authorized under the Program Development and Support Project (940-0001) for a grant to the National Academy of Sciences (NAS) to provide a study of industrial policy for developing countries.

DISCUSSION: A.I.D.'s Bureau for Private Enterprise was established to develop new approaches to private sector development. To conserve Agency resources, the Bureau has selected ten countries for initial attention for fiscal years 1982 and 1983. In each of these ten countries, there are significant management training needs which constrain local private enterprise development which need to be identified and solutions proposed. In addition, for each targeted country, there is a need for business expertise to provide information and assistance on the development of the private sector. The Bureau also needs assistance in forming a U.S.-based small business investment corporation capable of assisting in the formulation of venture capital firms in developing countries. In response to these needs, the National Academy of Sciences has submitted a proposal to provide guidances to A.I.D on these matters during the term of the grant. The activities proposed include the following:

- a workshop to review management training proposals that have been prepared for five specific countries with which the Bureau for Private Enterprise (PRE) proposes to work;
- a workshop to review a specific plan that has been developed for a venture capital mechanism that AID has suggested to Congress to encourage private sector activities in developing countries;
- ad hoc panels for each country in the program that might meet periodically to review specific project ideas that PRE might support in various countries.

To carry out these tasks, NAS will form a committee of approximately eight individuals with expertise in engineering education, management training, finance and investment, technology transfer, entrepreneurship and manufacturing and four individuals with developing country expertise: these proposals are spelled out in greater detail in Annex A.

The Academy has unique characteristics and qualifications which make it ideal for the work required. As directed in the OMB Memorandum on the Status of NAS is attached in Annex B, it is appropriate for A.I.D. to process the proposed grant with NAS.

RECOMMENDATION: That you authorize \$300,000 of FY 1982 funds under the Program Development and Support Project (940-0001) for a grant with NAS by signing below and the attached PIO/T.

Approved: *G. C. Farrell*
Disapproved: _____
Date: *4/15/82*

CLEARANCES:

PRE/MGT, Mary Leyland (draft) Date: 4/9/82
PRE/PPR: Bruce Bouchard *bb* Date: 4/12/82
CC/CP *Jan Miller* *JM* Date: 4/15/82
DRAFT: *John V. Gelb*
PRE/PPR: John V. Gelb:mjb:4/8/82

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