

PD-ABB-769
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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (ACTING)

FROM : PRE/PPR, Bruce E. Bouchard *Bruce E. Bouchard*

Discussion: Your approval is required to obligate \$50,000 from the Investment Packaging Grant Project (940-0002), Capital Markets Analysis sub-project (940-0002.5) for a grant to the "Banco de Desarrollo, FINADE S.A." (FINADE) allowing them to complete a marketing plan and prospectus for the "Commercializadora Dominicana" (COMEDOM).

Background: On April 10, 1984 AID entered into a loan agreement with FINADE under which PRE provided \$2.0 million in loan resources matched by \$2.0 million of FINADE's own funds for on-lending to small and medium-sized businesses engaged in the manufacture of non-traditional exports in the Dominican Republic. In addition to administering these resources, FINADE is arranging for the capitalization of a new export trading company, "Commercializadora Dominicana" (COMEDOM), by issuing \$1.0 million in Series A Preferred Stock, and \$1.0 million in Series B Preferred Stock. COMEDOM's Preferred Stock will be subscribed to by the sub-borrowers during and within two years after the AID/FINADE loan closing. No one sub-borrower will be permitted to purchase more than \$100,000 in Preferred Stock in order to maximize access to COMEDOM's export trading services.

Discussion: The grant will allow FINADE to develop a systematic marketing plan and prospectus for COMEDOM. A detailed strategic plan integrating all the necessary business and financial elements for growth, coupled with a prospectus demonstrating trading expertise and market knowledge, is essential for subscriptions by sub-borrowers to COMEDOM's Preferred Stock.

The required analysis will be divided into three phases as follows:

1. Phase 1: Study of the Export Sector of the Dominican Republic: This phase will focus on the identification of the products to be exported, by whom they are produced, and services which COMEDOM may provide.

2. Phase 2: Market Identification and Marketing Strategy Development: This phase will be divided into three tasks. The first and second tasks will be market identification efforts, focusing on potential Central American, Caribbean, U.S., Canadian and European markets for products from the Dominican Republic. The completion of these will lead to the development of an international marketing strategy to guide COMEDOM's penetration of selected markets.

3. Phase 3: Offering Document Development: Based on the analyses undertaken in Phases 1 and 2, FINADE will develop a prospectus or offering document, the purpose of which is to attract a minimum of 20 client/shareholders.

With regard to procurement, this activity will be handled consistent with AID guidelines. There are no human rights issues in the Dominican Republic which would effect undertaking this project.

Recommendation: That you authorize the obligation of \$50,000 from the Investment Packaging Grant project (940-0002), Capital Markets Analysis sub-project (940-0002.5) for a grant to the "Financiera de Desarrollo, S.A." by signing below and the attached PIO/T.

Approved: 

Disapproved: _____

Date: 5/14/87

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