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MAY 11 1984

World Trade Institute
Mr. Herb Ouida
World Trade Institute
One World Trade Center
55th Floor
New York, N.Y. 10048

Subject: Grant No. OTR-0050-G-SS-1086-05
Amendment #05

Dear Mr. Ouida:

Pursuant to the authority of the Foreign Assistance Act of 1961, as amended, the Agency for International Development hereby grants to the World Trade Institute the sum of \$399,960, to provide support for the Grantee's program for Phase-Out activities as described in the attached supplement to the Program Description. The total cumulative obligation under this grant is now \$1,936,960.

Sections E. BUDGET and F. OVERHEAD are deleted in their entirety and replaced with the attached new sections E. and F.

This grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning March 1, 1984 and ending November 30, 1985.

Please sign the original and seven (7) copies of this letter to acknowledge your acceptance of the conditions under which these funds have been granted. Please return the original and six (6) copies of this grant to the Office of Contract Management.

Sincerely,


Judith D. Johnson
Grant Officer
Services Operations Division
Office of Contract Management

ACCEPTED:

World Trade Institute

BY: Herbert Ouida

Typed Name: Herbert Ouida

Title: Director, Export Development & Information Group

Date: May 25, 1984

Fiscal Data

Appropriation : 72-1141021.6 446-34-09^e-00-69-41
Allotment : PDAA 84-13430-DG-11
Project # : 940-11-995-003
Amount : \$399,960
Total Obligation: \$1,936,960
DUNS # : 99-176-4747
PIO/T # : 344-0902
Project Officer : R. Allen Walls
Project Office : OBR

FUNDS AVAILABLE

MAY 15 1984

*d/c 4190
R. Dempsey*

Program Acctg. Division
OFFICE OF FINANCIAL MANAGEMENT.

Amendment #05 to Grant No.
OTR-0050-G-SS-1086-05

11/30/84 ~~300~~ Voucher

E. Budget

<u>Line Items</u>	From: 12-01-80 To : 11-30-83	From: 12-01-83 To :	<u>Total</u>
Salaries and Benefits	\$ 661,100	\$225,000	\$ 886,100
Travel	84,600	25,000	109,600
Communications	120,600	18,000	138,600
Materials	39,100	12,000	51,100
Rent	118,800	23,000	141,800
Other Direct Costs	71,329	000	71,329
Overhead	441,471	96,960	538,431
Total Est. Cost	\$1,537,000	\$399,960	\$1,936,960

F. Overhead

Pursuant to the provisions of the clause of the General Provisions of this grant entitled "Negotiated Overhead Rates" a rate or rates shall be established for each of the Grantee's fiscal periods which include the term of this Grant.

Pending establishment of final overhead rates for the initial period, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rates applied on the base(s) which are set forth below:

<u>Rate</u>	<u>Total Direct Costs</u>	
40%	Base	From: 12-01-80 To : 11-30-83
32%	Base	From: 12-01-80 To : Amended

INTRODUCTION

In 1973, A.I.D. signed a Grant Agreement with the World Trade Institute (WTI) to develop an institutional capability which would assist developing countries to expand their export and investment potential by creating and implementing development services in the following areas:

- Education and Training
- Research Supervision and Development Planning
- Technical Assistance and Advisory Services

We built our institutional capability on the unique combination of three methods:

- Consultation
- Hands-on Assistance in Implementation
- In-Service Training

Our interpretation of the program's mandate, in combination with our unique methodology, has resulted in the development and delivery of services which have been responsive to the needs of the developing countries which we serve. These services have evolved into three broad categories:

Training - Worldwide

- Export Development
- International Procurement
- Port Administration and Operation
- Airport Administration and Operation (in process)
- In-Service Training and Tutorials

Export Marketing - Worldwide

- Identification of Products and Preparation of Market Analyses
- Preparation and Implementation of Marketing Plans
- Assistance in Obtaining Trial Orders

Investment Development - Worldwide

- Analysis of Potential for Attracting Foreign Direct Investment
- Preparation of Plans for Investment Development
- Identification of Prospective Investors
- Assistance in Negotiations

A fourth category of service activity is the Information System, which was developed and instituted in 1982. Focusing on the evolving needs of developing countries in the areas of export and investment development, we identified the need for the Information System, an Integrated Service Worldwide for:

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- Market Intelligence
- Technology Transfer
- Investment Development, including
- Consultation Services

The Service provides Market Intelligence for International Marketing and International Procurement, Business Information, Investment Development and Technology Transfer. These services are intended for the benefit of:

- Developing Countries Seeking Access to the Industrialized World
- U. S. Companies Seeking Access to Developing Countries
- U. S. Companies Seeking Access to Other Markets in the Industrialized World

CONCEPT OVERVIEW

Our project was conceived as an institution building project wherein a staff of trained professionals in the field of international marketing and investment would be available not only to respond to the needs of LDC's, but more important, to diagnose specific trade problems, design programs to solve these problems, and then to give hands-on assistance in implementation.

In 1978, A.I.D. concluded an evaluation of the programs and projects undertaken by the World Trade Institute in order to measure the results of the activities with respect to the original Grant objectives and benefits realized by the developing countries. Based upon this evaluation, in 1979, 1980, 1981, 1982, and 1983, A.I.D. signed new Grant Agreements/Amendments whose objectives were to continue and expand the ability of the WTI to provide assistance to developing countries in export and investment development; and to continue to make available its unique consultative on-line assistance, which is key to the methodology we have developed.

In 1978, the World Trade Institute established financial and activity targets for each of the five years. These targets were accepted by A.I.D. and integrated into the 1979 Grant.

During the years that the Grant has been in effect, the World Trade Institute, through its Export Development and Information Group, has implemented and administered a total of 460 programs and projects in 88 developing countries.

By identifying and evaluating clients' needs, we have set for ourselves goals and objectives which have resulted in the creation of innumerable programs and services designed to meet LDC's needs in the areas of export marketing, investment development, and training, thus interpreting broadly the original concept of "contributing" to developing countries' ability to export, by expanding it to include the delivery of tangible results.

The validity of the World Trade Institute's program manifests itself on three levels: (1) the increased demand for World Trade Institute services from the developing countries; (2) the willingness of client countries to participate in partial funding of these projects; and (3) international organizations and agencies of cooperation utilizing the unique services offered by this program.

EXPECTATIONS AND PERFORMANCE - WHAT HAS BEEN ACHIEVED

We have already surpassed both the financial and activity targets for 1979-1983. This was accomplished by developing credibility with our clients and, through them, continually expanding our client base. The on-line consulting relationship developed with our clients has contributed to our success in achieving our objectives.

It should be noted that a significant breakthrough occurred from 1979 through 1982, wherein we experienced a 203% growth in activities and a 471% growth in client revenues. Our growth over time, has been significant and our achievements, in turn, have been substantial. The WTI has:

- Expanded its services for technical assistance in export marketing and investment
- Increased its offerings of training programs
- Improved its staff capabilities in both scope and depth of professional expertise

The number of program activities projected for the five-year Grant period 1979-1983 was 210. This target has already been met, as the cumulative number of programs completed through 1982, the most recently concluded program year, is 212 - with the work performed in 1982 contributing to almost a third of that achievement.

In addition, we are gratified to report that approximately 2000 people received training in either seminars, tutorials, training programs, in-country workshops and clinics, and factory-related training. During the same 4-year period, more than 400 factories have benefitted from our technical marketing assistance programs, with the number of factories assisted in 1982 being significantly high at 235. Clearly, 1982 was a year of substantial growth and significant achievement, and a year of setting new directions.

WTI'S PHASE-OUT STRATEGY

It has been the mutual understanding of the World Trade Institute and A.I.D. that once WTI was fully able to maintain its full range activities without benefit of A.I.D. Core Funding that the Grant would be scaled down and eventually terminated.

Because of the decision we made early on to seek outside revenue in addition to Core Funding, we have created a source of revenue which can be used to facilitate the transition to a self-sustained organization.

Below is the detailed phase-out strategy for each of the four functional segments of our business:

Training - Worldwide

We are pleased to note as the first step towards the mutually agreed upon phase-out of the A.I.D. Contract; the current set of training programs designed and developed by WTI are currently self-sustaining and no longer in need of A.I.D. Core Funding. As of January 1, 1984 all current training programs except in-country will be integrated as part of the programs of the World Trade Institute where they will continue to be offered.

Since the establishment of the training component, we have conceived, developed and implemented five separate regularly scheduled programs targeted at the export and infrastructured development needs of government and private organizations in the industrializing world. In addition, WTI has from time to time implemented in-service training programs held in foreign countries which addressed specific needs of the host organization, as well as establishing special New York based tutorial programs specifically tailored to the clients request.

In all, WTI has trained over 2000 individuals from the public and private sector organizations representing over 80 countries. The following is a list of these training programs and the number of participants which have attended them since the institution of this service:

o Export Industry and Trade Development	350
o Export Market Entry Strategy	14
o International Procurement and Storage Management	90
o Port Administration and Operations	57
o Airport Administration and Operation	4
o Special Tutorials	15
o In-Service Training (Nigeria, Venezuela, Honduras, Costa Rica, Guatemala, Jamaica, Uruguay, Argentina, Chile, and Mexico)	1,500

In order to reap the benefits of our training programs to date, we suggest the use of Core Funding monies to design, develop and promote a supplementary series of training programs, specifically targeted at the management needs of the private sector in developing countries, as well as seminars directed to training U.S. small to medium sized and minority businesses in the areas of overseas material sourcing and technology transfer opportunities in developing countries. Our work to date demonstrates such seminars would be a perfect corollary and supplement to the programs which have become self-sufficient.

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The subject matter of these seminars and training programs will include but not be limited to the following topics:

Developing Countries Oriented Training Programs

- Management Development Seminars
- Productivity and Systems Seminars

U. S. Oriented Training Programs

- Export Opportunities and Material Sourcing in the Developing Countries
- Investment and Technology Transfer in the Developing Countries

Due to the start-up costs associated with designing and introducing an entire new series of training programs, WTI will be required to use A.I.D. Core Funding throughout the Grant extension.

Export Development - Worldwide

Export development since the inception of WTI-AID cooperation has been the nucleus of our efforts to establish a hands-on, implementation-based service to the non-traditional export sectors for clients in industrializing countries.

During the time which WTI has offered this service, we have had the opportunity to work on 17 technical services and market opportunity projects with over 480 manufacturers and growers from the non-traditional export sector of 23 countries.

Our services have helped to establish for these organizations market entry strategies as well as to increase the depth and breadth of their existing export efforts. In the following areas, WTI has provided a unique service to members of this sector which has resulted in a permanent U.S. market presence for these organizations:

- Market Profiles
- Product Development Profiles
- Market Entry Strategies
- Identification of Potential U.S. Buying Organizations
- Contact and Screening of Potential Buying Organizations
- Product Development Assistance and Liaison between Client and U.S. Buying Organization
- Establishment of Buying Organization/Client U.S. Visitation
- Assistance in Buyer/Client Negotiation Process
- Market Opportunity Service to Monitor Buyer/Client Relationship and Problem Solving

It is the intention of WTI to continue this component of our service offering over the entire time frame of the phase out of the A.I.D. Core Funding Grant scheduled for completion in November, 1985.

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However, during this two-year period we anticipate that the central focus of this activity will switch from a uni-directional export development services assisting only those clients in the developing countries to a dual directional arrangement where WTI not only assists the LDC's private sector but also will engage in sourcing for the needs of small to medium sized U.S. corporations and minority businesses. In addition, we anticipate that in part our current client base will be changed to include those countries which we consider to have reached a middle range in their industrialization.

Investment Promotion - Worldwide

Since 1979, the World Trade Institute has been actively engaged in the area of Investment Promotion for clients in the developing world. Our primary focus has been in assisting authorities of off-shore free zones in the promotion of their zones to appropriate U.S. manufacturing companies. Our work in this area has included the following components:

- Identification of Potential U.S. Industry Sectors
- Identification of Potential U.S. Manufacturers within the Appropriate Industry Sectors
- Contact of and Screening of Potential U.S. Manufacturers to Determine their Needs and Level of Interest
- Establishment of Meetings with Interested Manufacturers, Zone Authorities and WTI Personnel
- Follow Up to Determine that All Conditions Have Been Met for Manufacturers to Reach a Go/No Go Decision

During the 5 years which WTI has offered its Investment Promotion service to developing countries, it has successfully worked with Free Zone authorities and investment agencies in the following countries:

Puerta Cortes Free Zone - Honduras	1979
Kingston Industrial Free Zone - Jamaica	1980 - 1981
Kingston Industrial Free Zone - Jamaica	1981 - 1982
Kingston Industrial Free Zone - Jamaica	1982 - 1983

Currently, WTI is assisting Jamaican National Investment Promotion Limited (JNIP) in promoting the Kingston Free Zone to potential U.S. investors. This contract will end on February 14, 1984.

WTI plans to phase out its current Investment Promotion activity under the A.I.D. Core Grant by November, 1985. Between the time of this report and November, 1985, WTI will elect either to negotiate for a renewal of the JNIP-Kingston Free Zone Contract or negotiate with the Puerta Cortes Free Zone in Honduras and/or the Cartagena Free Zone in Colombia.

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Information System Worldwide

In July, 1982, the World Trade Institute introduced a new market-based information service called The Information System. The purpose of The Information System is twofold:

- Provide client LDC countries relevant market information needed to facilitate trade investment and technological transfer with markets in the industrialized and developing countries.
- To provide small and medium sized U.S. businesses access to market information in developing countries in order to facilitate sourcing raw materials as well as pertinent market information which will allow them to sell their finished products in the industrialized countries.

Since its establishment, The Information System has targeted and sent brochures and other information to a total of 47,000 decision makers overseas and in the United States.

We have contacted the following organizations through a combination of mass and selected mailings:

Foreign Trade Association
& Chambers of Commerce

Foreign Trade Ministries &
Trade Consulates

Trade Promotion Centers

Foreign Banks

U.S. Branch of Foreign Banks

U.S. Manufacturers of Sales
Between \$3-30 Million

U.S. Manufacturers in Non-
Electrical Machinery

Selected U.S. & Foreign Manu-
facturers

WTI's principal advantage in providing concise and useable information to both foreign and U.S. organizations is its heavy emphasis on a primary resource methodology which has proven successful in other aspects of our work. However, the information service business is highly competitive and requires a large and continual promotional effort before it can be firmly established.

WTI believes that it has been successful in identifying and contacting appropriate organizations and their decision-makers who will have a need of these services. By doing this WTI has created an awareness of our services and has laid a firm foundation for future success. Due to the nature of this business we do not believe that an information system can be self sustaining until the end of our requested Grant extension, December 1, 1985. By this time, we anticipate that the information system will be, in other words, self sustaining on its own merits, and will also be firmly integrated into our export development services which we will offer both U.S. and foreign manufacturers.