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AMERICAN EMBASSY
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
Asunción, Paraguay

May 28, 1991

Mr. Charles V. Neiswender, Vice-President
International Executive Service Corps (IESC)
8 Stamford Forum
Stamford, CT 60904-2005

Subject: AID Grant No. 526-0616-G-SS-0003-00

Dear Mr. Neiswender:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the International Executive Service Corps (hereby referred to as IESC or "Grantee"), the sum of \$200,000 to provide support for a program of technical assistance to Paraguayan business clients. The program is described in detail in Attachment 1, entitled "Schedule," and Attachment 2, entitled "Program Description."

This Grant is effective and obligation of funds 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 with the effective date and ending June 30, 1992.

This grant is made to IESC on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled "Schedule," Attachment 2, entitled "Program Description," Attachment 3, entitled "Financial Plan," and Attachment 4, entitled "Standard Provisions," which have been agreed to by your organization.

Please sign and return the original and four copies of this letter to USAID/Paraguay to acknowledge your receipt of the grant and acceptance of its terms and conditions. Please send one signed copy to the following office to expedite the issuance of your Letter of Credit:

PFM/FM/CMP/LOC
Room 703 SA-2
Agency for International Development (AID)
Washington, D.C. 20523-0209

Sincerely yours,



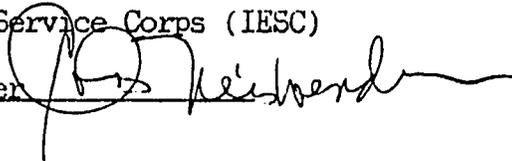
Peter R. Orr
AID Representative

Attachments:

1. Schedule
2. Program Description
3. Financial Plan
4. Standard Provisions

ACKNOWLEDGED:

International Executive Service Corps (IESC)

BY: Charles V. Neiswender 

TITLE: Vice-President

Date: June 6, 1991

FISCAL DATA

Appropriation: 72-1111021
Budget Plan Code: LDSA91-25526-KG12
Project No.: 598-0616.06
Total Estimated Amount: \$200,000
Total Obligated Amount: \$200,000

Funding Source: A.I.D./W_____ USAID X_____

ATTACHMENT 1

SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for the recipient's program of providing volunteer executives (VE's) to assist the Paraguayan private sector, as more specifically described in Attachment 2 to this Grant entitled "Program Description."

B. Period of Grant

1. The effective date of this Grant is May 28, 1991.
2. Funds obligated hereunder are available for program expenditures for the period May 28, 1991 to June 30, 1992.

C. Amount of Grant and Payment

1. A.I.D. hereby obligates the amount of \$200,000 for purposes of this Grant.
2. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 4 - Optional Standard Provision No. 1, entitled "Payment - Letter of Credit."

D. Financial Plan

Local cost financing is authorized under the Grant Budget included in Attachment 3. Revisions to this budget shall be made in accordance with Standard Provisions of this Grant, entitled "Revision of Grant Budget." IESC is fully responsible for financial management and accountable for utilization of Grant funds.

E. Reporting and Evaluation

1. Technical Reporting

During the life of the Grant, IESC will submit to AID the following reports, all in three copies, and all to be submitted within sixty days of the end of the relevant reporting period.

a) A quarterly report containing:

(i) A narrative description of IESC activities and projects during the past quarter, including an assessment of the success or problems of the projects and recruitment activities. The report shall also provide recommendations or actions proposed to address problems or constraints.

(ii) Copies of all project evaluation reports completed during the past quarter.

- b) Copies of audited accounts for IESC-Paraguay and IESC headquarters, completed in the normal course of operations.
- c) A final report is required which will include a comprehensive review and discussion of project activities and achievements. This report will be due no later than 60 days after the completion date of June 30, 1992.

In addition, the IESC Director of Operations of Paraguay will consult at least quarterly with AID's Projects Division staff concerning the substantive progress of grant activities and administration.

2. Financial Reporting

The Grantee shall submit the quarterly financial reports required in Standard Provision No. 1, "Payment -Letter of Credit." The Grantee agrees to consult with USAID/Paraguay concerning further details for submitting all financial reports.

3. Evaluation

AID will conduct reviews and evaluation of grant-related activities during the life of the Grant as described in the Program Description, Attachment 2, to the Grant. Monitoring and evaluation assistance will be provided by IESC.

F. Special Provisions

1. The Standard Provision entitled "Conversion of U.S. Dollars to Local Currency is applicable to this Grant. The Grantee shall exchange all applicable funds through legal sources at accepted official exchange rates.

2. Under the terms of IESC's agreement with AID/APRE, all IESC administrative expenses are reimbursed under a Core Grant from Washington central funding. Therefore no IESC headquarters costs are included in the Grant Financial Plan.

3. IESC will maintain a separate property inventory of all those items purchased with USAID/Paraguay financing.

4. Requests for payment shall be submitted directly to PFM/FM/CMP/LOC, Room 703 SA-2, Agency for International Development, Washington, D.C. 20523-0209. One copy of each payment request shall be simultaneously submitted to USAID/Paraguay.

ATTACHMENT 2

Program Description

Overview:

The objectives of this Grant are to increase employment and productivity in Paraguay through the improvement in the capabilities of Paraguayan enterprises in the areas of production technology, quality control, and management through technical assistance from experienced U.S. executives, and to transfer technological expertise from the U.S. to Paraguayan firms. A secondary objective of this Grant is to encourage commercial linkages between Paraguay and the United States. Technical assistance will be provided to individual firms or groups of firms, using volunteer U.S. executives supplied by the International Executive Service Corps (IESC).

Essentially, this should be considered as a follow-on project that will allow IESC a more complete realization of the program objectives as originally defined at the establishment of the IESC operations in Paraguay.

Background

The ability to solve technological and management problems is essential to the long term viability of productive enterprises. By extension, technological adaptation is a necessary aspect of a nation's economic development. Access to technological knowledge and management expertise has been identified as an important need of indigenous firms.

IESC is a not-for-profit organization founded in 1964. The organization consists of a headquarters at Stamford, Connecticut, regional recruiters around the U.S., small field offices in developing countries and a network of more than 12,000 retired executives willing to provide technical expertise. Short term assistance by executives with closely matched experience can be a cost effective vehicle to enable the Private Sector in developing countries an opportunity to improve operations and to provide opportunities to access the managerial skills and technology of the U.S. Private Sector.

Projects cover a wide range of industrial and commercial sectors. Marketing, another area of IESC assistance, can also determine whether a firm will succeed. This is especially crucial for exporting businesses, whose development is a priority. In addition, companies in all commercial and industrial sectors face a variety of needs in other areas such as strategic planning, financial management, and personnel management. Marketing and basic business management advice can be obtained in Paraguay, but occasionally a company may have problems that, because they are industry-specific, are not easily addressed by locally available consultants.

The purpose of A.I.D.'s assistance is to enable IESC to offer services at affordable fees, thus establishing itself in the market, particularly among small and medium size businesses. This will enable the total number of businesses assisted to increase, and should lead to the progressive development of full-cost recovery contracts.

Program Description

Under this program, IESC will provide short term technical assistance to individual firms and/or groups of firms. In addition to the regular T.A. projects, IESC will promote such other activities as the ABLE market studies and trade development. The assistance will be provided through the voluntary assistance of U.S. experts whose experience is closely matched to the needs of the clients.

During this second stage in implementation, project cost to the client should remain the same as compared to the previous stage in order to allow IESC to reach a larger number of target customers. However, IESC will apply a graded rate scale to client contributions to charge each one according to his/her ability to pay, as long as the scope of work falls within the objectives of the program. IESC will endeavor to gradually raise client contribution.

The IESC representative in Paraguay will locate firms and/or groups of firms that have specific planning, technical or operational problems. An agreement will be signed by IESC and each client which will detail the tasks to be performed by the advisor. On the basis of these signed

agreements, IESC headquarters will locate the U.S. executives (usually retired) best suited for the task. The executives will serve as volunteers but all expenses of the assistance (travel, hotel and per diem for executive and spouse) will be covered. The advisors will work closely with at least one designated staff member of each client who will receive the transfer of technical knowledge. The length of the advisory services will average one to three months. During and at the end of the assignments the advisors will give reports to their clients describing recommended improvements and plans for implementing them. Whenever possible, IESC will provide services to groups of firms with similar needs.

Projects generally cover a wide range of industrial and commercial sectors. In addition, companies in all commercial and industrial sectors face a variety of needs in other areas such as strategic planning, financial management, and personnel management. Marketing and basic business management advice can be obtained in Paraguay, but occasionally a company may have problems that, because they are industry specific, are not easily addressed by locally available consultants.

Implementation

IESC both in Paraguay and in the U.S., will have primary responsibility for implementing this project. Its Paraguay office will carry out marketing activities to identify firms and business associations needing technical and management assistance and will secure signed agreements as to the terms of the technical assistance. IESC's U.S. office will recruit the volunteer executives for each assignment and make travel arrangements between the United States and Paraguay. The Paraguay office will manage all personal and administrative matters concerning the volunteer executives, including accommodations and per diem. The Paraguay IESC Country Director will monitor the progress of each assignment. In each phase of these activities, standard IESC practices will be followed. IESC will endeavor to obtain the maximum client contribution possible consistent with the client's ability to pay. However, the following formula will be used as a norm for small to medium sized firms for cost sharing IESC services in technical assistance (TA), ABLE studies, etc. in support of its program in Paraguay:

- a. For TA cases (typical 60-day project), costs* will be shared between AID and the client as follows: AID \$13,083, Client \$8,426.
- b. For ABLE studies (typical 50-hour study), costs will be shared between AID and the Client as follows: AID \$1,250, Client \$1,250.

The above cost estimates are based on the following number of cases during the period of the grant, July 1, 1991 - June 30, 1992:

- a) Regular T.A. cases
 - 30-day projects 3
 - 60-day projects 11
- b) ABLE Studies 8

Unless advised to the contrary, all cases/contracts requiring grant funds must receive the prior approval of the AID project officer. The clients will have certain responsibilities for making the assistance successful. In addition to supplying the agreed contribution, they will provide office facilities, translator, when required, local transportation and secretarial support to the advisors and will designate one member of their management as the primary liaison to the expert. Upon completion of the assignment, they will report to IESC on the specific outcomes resulting from the advisory services, including any recommendations that are being adopted. They will also comment on the quality of assistance offered by the VE.

* AID-financed in-country costs will normally include air fare, en-route expenses, recruiting expenses, operation expenses, audit & evaluation, and contingencies. Client's contribution will normally include VE's per diem, field support, and project development.

ATTACHMENT 3

Financial Plan

(Period July 1, 1991 - June 30, 1992)

	<u>AID</u>	<u>CLIENT</u>	<u>TOTAL</u>
Operation Expenses*	\$93,820	-	\$93,820
Regular T.A. Projects	73,200	107,682	180,882
ABLE Studies	10,000	10,000	20,000
Audit & Evaluation	6,000	-	6,000
Contingencies	<u>16,980</u>	<u>-</u>	<u>16,980</u>
	200,000	117,682	317,682
	=====	=====	=====

NOTE: A 15% variation between line items will be permitted. In addition, variations in excess of the standard 15% allowance will be met by utilizing the amount available under Contingencies.

- * Includes salaries and benefits of local Country Representative and staff, office rent, utilities, supplies, brochures, insurance, audit, legal advice, in-country travel, meetings, representation allowance, office equipment, furniture, etc.