

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
 2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE.

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office (ES# _____) USAID/ASEAN		B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input type="checkbox"/> Skipped <input checked="" type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY 92 Q _____	C. Evaluation Timing Interim <input checked="" type="checkbox"/> Final <input type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>
--	--	--	--

D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)

Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
399-0358	ASEAN Private Investment and Trade Opportunities (PITO)	1990	9/1996	\$ 13 M.	\$ 6 M.

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director	Name of Officer Responsible for Action	Date Action to be Completed
Action(s) Required <p style="text-align: center;">Please see Attachment # 1.</p>		

(Attach extra sheet if necessary)

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation: (Month) **January** (Day) **15** (Year) **1993**

G. Approvals of Evaluation Summary And Action Decisions:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Name (Typed)	Robert T. Dakan			Robert T. Dakan A/AID Rep. to ASEAN
Signature	<i>[Signature]</i>			<i>[Signature]</i>
Date	7/15/93			7/15/93

A B S T R A C T

H. Evaluation Abstract (Do not exceed the space provided)

The Private Investment and Trade Opportunities (PITO) Project was initiated by the Office of the AID Representative to the Association of South East Asian Nations (ASEAN) in April 1990. The Project's goal is to contribute to sustained economic growth and development in the ASEAN region and the purpose is to establish a mechanism to promote expanded private sector trade and investment between ASEAN and the U.S. The PITO Project is being implemented by: 1) The U.S.-ASEAN Council for Business and Technology (USACBT), responsible for the Trade and Investment Component; 2) The East-West Center in Hawaii, responsible for the Policy and Problem Resolution Component; and 3) Technonet Asia in Singapore, responsible for the Technology Advisory Services Component.

This interim evaluation (4/90-8/92) was conducted by a team assembled by Coopers & Lybrand to assess the Project's progress to date and to identify actions to be taken by USAID and implementing institutions for the remaining life of the project. The evaluation is based on a review of project documents (including cooperative/grant agreements and project activity reports); visits to the East-West Center, PITO Executive Secretariat in Bangkok, ASEAN PITO offices and USACBT; and interviews with USAID, Department of Commerce, US&FCS and other U.S. and ASEAN public and private sector organizations involved with the PITO Project. The major findings and conclusions are:

- The PITO Project is a success as demonstrated by what the project has put in place to further development of the ASEAN member countries and provide benefits to U.S. firms through increased trade and investment activity.
- The need and the demand for the services offered by PITO still exist and, if anything, they are more intensive than at the time the Project was designed.
- Accomplishing the objectives of the Project requires a complex structure to manage and deliver the services.
- Carrying out PITO services at the country level requires coordination with local business organizations and the US&FCS officer.
- After a longer than expected start-up period, the PITO offices are now staffed adequately and organized to provide services in an effective manner.
- Economic and political events appear to have largely overtaken the purposes of the Policy Analysis Component and significantly reduced the importance of this component to achieving Project objectives.

The evaluators recommend the following actions to improve effectiveness of the overall Project and country programs:

- Increase the level and extent of support provided to PITO country programs by the USACBT.
- Promote PITO services more actively through local media, trade publications and workshops.
- Improve coordination of PITO activities among all Project components.
- Curtail and merge the activities of the Policy and Problem Resolution Component to the Trade and Investment Promotion Component.

C O S T S

1. Evaluation Costs

1. Evaluation Team		Contract Number OR TOY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Affiliation			
Robert J. Rourke	Coopers & Lybrand	PEDS Contract	\$89,000	Former Bureau for Asia and Near East
Sue-Jean Lee	Coopers & Lybrand			
John Mathieson	SRI International			

2. Mission/Office Professional Staff Person-Days (Estimate) _____	3. Borrower/Grantee Professional Staff Person-Days (Estimate) _____
--	--

S U M M A R Y

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Purpose of evaluation and methodology used • Purpose of activity(ies) evaluated • Findings and conclusions (relate to questions) | <ul style="list-style-type: none"> • Principal recommendations • Lessons learned |
|--|--|

Mission or Office:

USAID/ASEAN

Date This Summary Prepared:

December, 1992

Title And Date Of Full Evaluation Report:

ASEAN Private Investment and Trade Opportunities (PITO) Project - Interim Evaluation 1990-1992/Dec.'92

Purpose of activity evaluated:

The Private Investment and Trade Opportunities (PITO) Project was initiated by the Office of the AID Representative to the Association of South East Asian Nations (ASEAN) in April 1990. The Project's goal is to contribute to sustained economic growth and development in the ASEAN region which includes the six member countries of Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand. The project's purpose is to establish a mechanism to promote expanded private sector trade and investment between ASEAN and the U.S. The system will serve to establish networks to facilitate expanded market driven economic activities in ASEAN countries and productive and mutually beneficial ASEAN and U.S. trade and investment activity.

The rationale underlying the Project is that U.S. firms are missing out on worthwhile business opportunities in ASEAN and losing their competitive position in world markets in the process, because:

- U.S. firms lack adequate information about business opportunities in ASEAN;
- Outmoded technology and inadequate standards of local production limit export potential and, therefore, U.S. or other foreign investor interest;
- Conflicting trade policies and unfavorable business climates within the ASEAN countries tend to constrain intra-regional trade and development of the larger markets of interest to U.S. firms; and
- Insufficient access to local or other sources of financing in some of the ASEAN countries discourages potential U.S. joint ventures.

The PITO Project is unique among developmental efforts of this type in that the Project is being implemented by private sector organizations in each country, rather than by government agencies. The Project is a six-year project that will receive \$13.0 million in funding assistance from AID over a period of five years. The objectives of the Project are being addressed through four inter-related sets of activities, or components, each of which is carried out by a separate organization. The three grantee organizations implementing the Project are:

- 1) The U.S.-ASEAN Council for Business and Technology (USACBT), based in Washington, D.C., is responsible for the Trade and Investment component.
- 2) The East-West Center in Hawaii, has responsibility for the Policy and Problem Resolution component.
- 3) Technonet-Asia, based in Singapore, is responsible for carrying out the activities of the Technology Advisory Services component.

In addition, for the fourth component, the Project provided \$200,000 to the Overseas Private Investment Corporation (OPIC) to assist in setting up a fund to provide financing for U.S.-ASEAN joint ventures and other investments in the region.

Purpose of evaluation and methodology used:

The evaluation of the PITO Project was conducted at an interim stage of the Project. In view of the somewhat unorthodox nature of the Project and implementation strategy, the Office of the AID Representative to ASEAN included an interim evaluation in the project design to provide a check on the effectiveness of the Project and to determine the need for any mid-course corrections. Considerable time was required to negotiate and coordinate changes to the Project Agreement (ProAg) with each of the ASEAN member countries. The first ProAg was signed in April 1990, or six months after authorization of the Project. This evaluation began in June 1992 and, therefore, covers a period of PITO operations that is only slightly more than two years long.

The principal objectives of the evaluation are: to measure progress towards achieving the project's purpose; review the effectiveness of the implementing organizations in meeting project benchmarks; identify and analyze problems inhibiting progress; recommend actions to correct problems; assess grantee's management of their respective components; and assess project sustainability.

The evaluation methodology relied on interviews with a cross-section of individuals in each of the countries served by PITO to obtain their opinion on the effectiveness of the Project. These individuals included beneficiaries of PITO services, representatives of local business associations, U.S. and host government officials with trade and investment responsibilities in the ASEAN region and the U.S., the PITO Representatives in each country and the personnel responsible for managing PITO activities within each of the grantee organizations. In Washington, D.C., AID, the Department of Commerce, OPIC and the U.S.-Asia Environmental Partnership were also interviewed. The methodology also involved reviewing project documents, including program brochures and activity reports from project files. The evaluation report is organized to address the overall project assessment as well as findings and recommendations for each ASEAN country.

A draft of the results of this evaluation was submitted to the Office of the AID Representative to ASEAN in Bangkok at the conclusion of the field work in August 1992. Follow-up meetings were conducted in September to debrief Department of Commerce and USACBT personnel on the initial findings. A final draft of the evaluation was submitted to AID/ASEAN in October.

The evaluation was conducted by a team assembled by Coopers & Lybrand under its contract to the Private Enterprise and Development Support (PEDS) Project managed by the Bureau for Private Enterprise. The team members were Bob Rourke and Sue-Jean Lee of Coopers & Lybrand and John Mathieson of SRI International.

Findings and conclusions:

The overall conclusion of the evaluation team is that the PITO Project is a success as demonstrated by what the Project has put in place to further development of the ASEAN member countries and provide benefits to U.S. firms through increased trade and investment activity. To appreciate what the PITO Project has accomplished, it is important to bear in mind that two of its goals are highly ambitious: 1) to promote trade and investment on a six-country regional basis; and 2) to implement the Project relying almost exclusively on the private sector in the countries involved rather than on the public sector.

It was also the conclusion of the evaluation team that the AID/ASEAN Office has managed a complex project involving 3 grantees and 6 countries in a highly effective manner. While the major components of the Project clearly are all related, they also encompass quite diverse activities. As a result, the Project components are carried out by different organizations because no one organization could be expected to be equally qualified in providing services under two, let alone four, of the components. Carrying out PITO services at the country level also requires coordination with local business organizations and the US&FCS officer which further adds to the organizational complexity and coordination requirements.

The evaluation confirmed that the need and the demand for the services offered by PITO still exist. If anything, they are more intensive than at the time the Project was designed. In the time since the PITO Project was set up, the ASEAN member countries have agreed to creating an ASEAN Free Trade Area (AFTA). The AFTA should increase intra-regional trade and investments significantly and will also provide major opportunities for U.S. investors who previously were put off by the small size of the local markets in ASEAN countries. The PITO Project can be of considerable help to U.S. firms renewing their interest in ASEAN markets as well as to firms that are new to the region. The PITO offices in the ASEAN countries are now staffed adequately and organized to provide services in an effective manner. In view of the prolonged start-up for the offices, the evaluation team agreed that it would be premature at this time to evaluate the offices in terms of the number of inquiries or potential transactions they have handled. This activity might be included, more sensibly, in the final evaluation of PITO.

Principal recommendations:

The findings and conclusions of the evaluation team result in a number of recommendations for improving the effectiveness of the PITO country programs and the implementation of the individual components of the PITO Project. These recommendations appear in the appropriate sections of the full report and in some instances are simply restatements at the country-specific level of one of the three major recommendations summarized as follows.

1. Increase the level and extent of support provided to PITO Country Programs by the USACBT.

The USACBT should devote more effort to developing and supporting the management responsibilities, i.e., staffing and support services, of the PITO country operations, as well as the programmatic functions such as coordinating PITO activities involving other U.S. Government agencies and other PITO grantees. The USACBT should increase the capacity of the PITO Project Secretariat to provide management support, in addition to its investment development activities, by providing additional staff resources for this activity. In addition, the USACBT should provide more timely and complete information on its Washington-originated activities, such as missions and seminars, so that the PITO country representatives can publicize and coordinate these activities locally in a more effective manner.

2. Promote PITO services more actively through local media, trade publications and workshops.

While PITO has gained a good reputation and local recognition, the PITO Representatives should be instructed to advertise the objectives of PITO and the services it provides to increase local awareness of the Project even further. At present, knowledge about PITO is not widespread because it has been spread more by word-of-mouth than through more far-reaching media. An elaborate promotion campaign is not required. It will suffice in most instances to run a small advertisement monthly in one or two local newspapers or trade publications.

3. Curtail and merge the activities of the Policy and Problem Resolution Component to the Trade and Investment Promotion Component.

Economic and political events appear to have largely overtaken the purposes of the Policy Analysis and Problem Resolution Component of PITO and significantly reduced the importance of this component to achieving the objectives of the Project. The conditions affecting intra-regional investments and other business relationships in ASEAN have changed since the PITO Project was designed. There is considerably more cooperation among the ASEAN member countries now than in previous years, and a general improvement in many of the policy areas that were of concern to PITO three years ago. AFTA, a free trade zone which will effectively overcome many of the barriers that hampered intra-regional trade in the past, is one example of this improved climate. In that most of the original objectives of this component of PITO seem to have been met, there does not appear to be much point in continuing the activities of the East-West Center beyond the completion of the current grant. Any policy issues that arise in the future can be dealt with adequately by contracting through the national PITO office or the USACBT for the specialized expertise that might be required. This function could be provided for by amending the current grant with the USACBT.

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from on-going evaluation if relevant to the evaluation report.)

Full Evaluation Report with Appendices

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

Mission The evaluation provided a comprehensive review of the strong points and weak points of the project. We are concentrating on the weak points, for example:

At the recent AUSBC meeting in Chiangmai, ASEAN counterparts were asked to explain exactly what authority they need and to take more responsibilities themselves, not only to provide improved public information for the project but also to better support ASEAN T&I missions to the U.S. As a result of the evaluation, it is quite clear to us that there has to be better support from the USACBT for the offices in each country but a better working relationship will be developed between the USACBT and the PITO Secretariat in Bangkok and, in turn, the Secretariat with the PITO offices in each ASEAN country.

Grantee

1. Role of the Private Sector. The report fails to recognize fully what is clearly a unique feature of the PITO project -- that is promoting greater coordination and cooperation between the private sector and government in trade and investment promotion. There is limited reference to the role that the private sector in ASEAN and the U.S. played in the design and continues to play in the implementation of the project. For example, the report recommends that a steering committee be set up in each ASEAN country -- something that was initiated at the outset of the project. However, greater efforts are needed in ASEAN to convert these steering committees into a constituency for the project if it is to achieve long-term sustainability. Steps are being taken in this regard.

2. Support and Training for ASEAN offices. The report focuses on a central problem with the project to date -- the need for more support and training in trade and investment promotion for the ASEAN offices. However, the report fails to note that steps had already been taken in this regard -- the August staff training planning session; hiring of Philip Gielczyk as regional technical advisor. Nonetheless, we agree that additional efforts are with the new ASEAN regional coordinator and regional technical advisor to provide more support to the ASEAN offices.

3. Improved Communications. Clearly, one of the problems of a multinational/multicultural project is communications. It has been a problem with the PITO project. On the U.S. side, appointment of a PITO manager, with primary responsibilities for program administration and communication, has helped in this regard. More frequent "team meetings" will also be encouraged, as will additional travel by the ASEAN regional coordinator and technical advisor.

(Continue)

4. U.S. Focus Too Strong. A dynamic tension exists within the PITO project between institutional development and promotional activities. In order to assure adequate program activities, the U.S. has frequently taken the lead in recommending activities. In spite of efforts to encourage the ASEAN offices to define their own initiatives, the U.S. has continued to remain the "dominant player" in the project. Here again, this problem has been recognized, and is being addressed by the ASEAN and U.S. offices. Improved support and training, along with efforts to develop a strong business constituency in each ASEAN country will go a long way toward building a basis for program initiation in each ASEAN country.

5. FCS/AID/Embassy Coordination. As you can appreciate, considerable effort and resources have been spent on trying to improve coordination and communication between PITO and the U.S. Embassies. The effort has been more successful in some countries, and less in others. Some of this stems from bureaucratic rivalries between AID and the Department of Commerce; some from personality clashes. Greater coordination is certainly needed, and the recommendations of the report will be tied as a basis of improving communications and coordination.

6. PITO Coordination. The report notes that there has been too little coordination among the four elements of the PITO project. However, it is appropriate to note that three elements; TIPC, TPAS and the APGF have achieved a level of coordination. Certainly, this can be improved, and greater efforts will be made. However, I believe that one of the problems of coordination was the failure from the outset to define a project coordinator clearly to all component managers.

E.	Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed
1.	Increase the level and extent of support provided to PITO Country Programs by the USACBT	R. Driscoll of USACBT	*
	<p>*USACBT has outlined activities that they will undertake, and has identified one person in Washington in charge of all responses to ASEAN PITO offices. The PITO Project Secretariat in Bangkok is in the process of recruiting additional staff to respond to the needs to send more ASEAN businesses to the U.S., better publicize the PITO project and respond to business information requests from ASEAN and the U.S.</p>		
2.	Promote PITO services more actively	USACBT and ASEAN PITO offices	**
	<p>**All ASEAN PITO offices have been instructed to print bulletins in their national language. Travel funds will be increased for travel to T&I seminars and conferences to present PITO project both in ASEAN and the U.S.</p>		
3.	Improve coordination of PITO activities among all Project components	R. Dakan, AID/ASEAN	***
	<p>***Grantees of all the project components will attend a retreat on 2/8-10/93 to review the recommendations of this evaluation.</p>		
4.	Curtail and merge the activities of the Policy and Problem Resolution Component to the Trade and Investment Promotion Component	R. Dakan, AID/ASEAN	****
	<p>****R. Dakan discussed with Project staff of the Policy and Problem Resolution Component (East-West Center) and provided them with a list of study topics to be conducted during the wrap-up period (about a year). Then, this component will be merged with the Trade and Investment Promotion Component.</p>		