



AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES AID MISSION TO PERU

C/O AMERICAN EMBASSY

LIMA, 1 PERU

TELEPHONE: 286200

CABLE: USAID/LIMA

June 20, 1985

Eng. Luis J. Paz Silva
President
Fundación para el
Desarrollo Nacional
Juan José Calle 446
Urb. Aurora, Miraflores

Subject: FDN - Promoción de las Exportaciones
Agrícolas No Tradicionales
Grant No. 527-0166-G-00-5124-00
Project No. 527-0166

Dear Eng. Paz:

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 Fundación Para el Desarrollo Nacional (hereby referred to as "FDN" or "Grantee"), the sum of \$80,000 to provide support for a program to promote non-traditional agricultural exports as described in Attachment 1, the Schedule of this Grant, and Attachment 2, entitled "Program Description." Subject to the availability of funds, for this purpose, and to the mutual agreement of the Parties to proceed, AID will provide additional support of not to exceed the equivalent of \$60,000 to complete activities described in Attachment 2.

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 with the effective date and ending June 30, 1986.

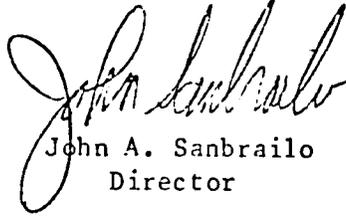
This Grant is made to the FDN on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled the Schedule, Attachment 2, entitled "Program Description," Attachment 3 entitled "Mandatory Standard Provisions," and Attachment 4 entitled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

AUG 8 1985

- 2 -

Please sign all six (6) copies of this letter to acknowledge your receipt of the Grant, and return five (5) copies to the Program Office, USAID/Peru.

Sincerely yours,



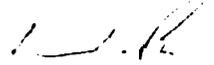
John A. Sanbrailo
Director

ATTACHMENTS:

1. Schedule
2. Program Description
3. Mandatory Standard Provisions
4. Optional Standard Provisions
5. FDN Proposal

ACKNOWLEDGED AND AGREED TO:

Fundación Para el Desarrollo Nacional

By: 
/s/Eng. Luis J. Paz Silva

Title: President

Date: June 1985

FISCAL DATA:

Appropriation	:	72-1151021
Budget Plan Code	:	LDAA-85-25527-AG61
Project No.	:	527-0166
Total Estimated Amount:		\$140,000
Total Obligated Amount:		\$ 80,000
Funding Source	:	USAID/Peru

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SCHEDULE

A. Purpose of Grant

The purpose of this grant is to provide support for the Grantee's program, jointly with the Fund for Multinational Management Education (FMME), to promote the export of non-traditional agricultural products, 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 the date of its signature. The expiration date of this Grant is June 30, 1986.
2. Funds obligated hereunder are available for program expenditures for the estimated period July 1, 1985 to January 31, 1986 as shown in the Grant budget below.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.I. above is \$140,000.
2. AID hereby obligates the amount of \$80,000 for program expenditures during the period set forth in B.2 above and as shown in the Grant Budget.
3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 4 - Optional Standard Provisions, entitled "Payment-Periodic Advance".

D. Financial Plan

The following is the Financial Plan for this Grant, including local cost financing items, which are authorized up to the amount of the Grant. Revisions to the Grant Budget shall be made in accordance with Mandatory Standard Provision of this Grant, entitled "Revision of Grant Budget".

F I N A N C I A L P L A N

(U.S. DOLLARS)

NON-TRADITIONAL AGRICULTURAL PRODUCTION EXPORT PROMOTION PROJECT

BUDGET

U S A I D

F D N

I T E M	Y E A R 1 9 8 5						Y E A R 1 9 8 6						TOTAL	Life of Project
	JULY	AUGUST	SEPTEM	OCTOB	NOVBR	DECEM	JANUA	FEBRU	MARCH	APRIL	MAYO	JUNIO		
I. Remuneration	(6,500)	(7,500)	(6,500)	(7,500)	(7,500)	(6,500)	(6,500)	(6,500)	(7,500)	(6,500)	(6,500)	(6,500)	(82,000)	(13,000)
1.1 coordinador General	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	26,400	10,000
1.2 Asesor Organ. Empresas	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	16,200	_____
1.3 Asesoría Agricultores	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	16,200	_____
1.4 Asesoría Agricultores	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	16,200	_____
1.5 Short-term T.A.	_____	1,000	_____	1,000	1,000	_____	_____	_____	1,000	_____	_____	_____	4,000	_____
1.6 Secretaries	250	250	250	250	250	250	250	250	250	250	250	250	3,000	3,000
II. Estudios	(_____)	(2,500)	(2,500)	(1,200)	(1,200)	(1,700)	(700)	(700)	(700)	(200)	(100)	(_____)	(11,500)	_____
2.1 Centro Info. Comercial	_____	_____	1,500	200	200	200	200	200	200	200	100	_____	3,000	_____
2.2 Centro Proc.de datos	_____	1,000	500	500	500	_____	_____	_____	_____	_____	_____	_____	2,500	_____
2.3 De Factibilidad (4 Est.)	_____	1,500	500	500	500	1,500	500	500	500	_____	_____	_____	6,000	_____
III. Bienes y Servicios	(650)	(7,400)	(1,400)	(8,150)	(1,650)	(1,400)	(1,400)	(650)	(1,400)	(1,200)	(950)	(250)	(26,500)	(22,000)
3.1 Viajes y Viáticos	250	1,000	1,000	7,750	1,250	1,000	1,000	250	1,000	1,000	750	250	16,500	_____
3.1.1 en el país	250	1,000	1,000	250	1,250	1,000	1,000	250	1,000	1,000	750	250	9,000	_____
3.1.2 en USA	_____	_____	_____	7,500	_____	_____	_____	_____	_____	_____	_____	_____	7,500	_____
3.2 Equipos 1)	_____	6,000	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	6,000	_____
3.3 Materiales	400	400	400	400	400	400	400	400	400	200	200	_____	4,000	1,000
3.4 Local	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	21,000
IV. Seminario Taller	_____	_____	_____	_____	_____	_____	_____	_____	_____	5,000	5,000	_____	10,000	(5,000)
4.1 Financiamiento Parcial	_____	_____	_____	_____	_____	_____	_____	_____	_____	5,000	5,000	_____	10,000	5,000
V. Gastos Generales	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(1,000)	(1,000)	(800)	(10,000)	(5,000)
T O T A L	7,950	18,200	11,200	17,650	11,150	10,400	9,400	8,650	10,400	13,900	13,550	7,550	140,000	45,000

1) Microcomputadora, programas y equipos complementarios

DF/rov.

05/18/85

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E. Reporting and Evaluation

Grantee shall provide the following reports:

1. The FDN shall provide the USAID project manager with brief progress reports on project activities, successes, problems and actual export deals realized every three months.
2. Fifteen days after the termination of the Grant, FDN shall provide USAID with a report summarizing the results of the project comparing actual accomplishments with project goals and objectives, reasons why goals were not met (if applicable), and any other pertinent information. This shall include, but not be limited exclusively to, information on actual export activities initiated and commitments for future activities between producers and importers, as well as an analysis of the various activities and services offered by the FDN in terms of their individual and collective effectiveness.
3. The Grantee shall notify USAID should events occur which have a significant impact on the project--either positive or negative.
4. Within one month after completion of the project the Grantee will provide a briefing to USAID, Central Bank, FOPEX and other appropriate organizations and officials, of their experience, which will emphasize successes, lessons learned, potential economic impacts of the project, and feasibility of replication without public sector resources.

F. Special Provisions

1. Optional Standard Provisions, Attachment 4, are modified as follows: Delete provisions 2, 4, 7, 9-16, 18 and 19.



PROGRAM DESCRIPTION

A. Background

In November, 1983, the Fundación para el Desarrollo Nacional (FDN) in collaboration with the Fund for Multinational Management Education (FMME), the Banco Central de Reserva (BCR) and FOPEX initiated a program of activities to promote the export of non-traditional agricultural products from Peru. Previous to this joint effort, FDN had been carrying on discussions with farmers in Lambayeque, Huaral and Cañete in an attempt to assist them in determining the potential for expanding non-traditional exports.

As a result of the collaborative efforts of FDN, FMME, BCR and FOPEX a seminar was organized and held in Peru on March 9 - 11, 1984. This seminar brought together US firms interested in importing Peruvian non-traditional agricultural products, Peruvian producers, agro-industry and financial system representatives, Peruvian public sector officials and others interested in the subject.

As a result of conclusions and recommendations of the seminar, FDN & FMME agreed to provide follow-up coordination and "Clearing-house" services to assist in bringing to fruition specific importer-exporter interests in export operations.

By mid-May 1984, a number of follow-up contacts and negotiations had been coordinated by FDN & FMME, a specific inventory of import needs and interests of ten US firms had been determined, and the general production potential of farmers in five coastal valleys to respond to these opportunities had been assessed.

In order to carry out its coordination, promotion and information service activities in Peru, FDN utilized its own internal resources from mid-March through July, 1984. A total of over \$10,000 in salaries and other direct costs was spent by the end of that period.

A plan of action for the period from August 1 through November 30, 1984 was developed jointly by FMME and FDN with technical and official support from FOPEX. A \$25,000 grant from USAID supported FDN coordination, organization and information services during August through November in five coastal valleys which lead to the completion of contractual arrangements between US firms and Peruvian producer associations and/or agro-industry firms with a dollar value of over \$1,200,000.

FMME will, in the near future, have continuing funding for supporting activities in Peru from AID/W/PRE bureau as a result of Mission and PRE dialogue concerning the project and its successes. The FDN has continued an active level of project activities since the end of the Grant agreement last November utilizing their own resources. However, the FDN's internal resource capabilities are very limited, therefore, they have requested USAID grant assistance for carrying out this next phase of activities.

B. Purpose of Grant

The purpose of the Grant is to support the Grantee's conduction of the activities identified in the action plan of the Grantee's proposal for July 1, 1985 through June 30, 1986. This set of actions is designed to generate commitments between US firms and Peruvian producers, agribusinesses and export firms to organize and install production, packing and export-import arrangements for non-traditional agricultural products in five coastal valleys.

This grant will allow FDN to execute the coordination, information services and promotion activities required to assist Peruvian agricultural producers, agribusinesses and agricultural product exporters to realize export deals and to motivate them to implement actions that are responsive to export market opportunities.

C. Specific Objectives

Grant funds will be used by the FDN to.

1. Continue to identify producers willing to make serious commitments to produce for export markets.
2. Consolidate the formation of groups of producer group leaders in order to facilitate organization, coordination and ultimately problem solving in order to overcome production, contracting, investment, information and quality control problems related to meeting export market requirements.
3. Continue to provide technical assistance services and analysis of market opportunities and requirements to producers, agribusinesses and exporters via efforts by FDN, Project Sustain, International Executive Service Corps (IESC) and FOPEX consultants and activities.

4. Continue to coordinate, organize and conduct meetings among all interested parties to share information and motivate private sector initiative to realize export deals.
5. Consolidate the establishment of a "Commercial and Market Intelligence Information Center" whose objective is to provide quality information on a timely basis to producers, agribusinesses, producer groups and export firms.
6. Continue to develop production, post harvest management and marketing opportunity studies, of a feasibility nature, of specific product lines in association with producers, agribusiness, exporters and private financial institutions in order to promote export of non-traditional agricultural products.
7. Continue to facilitate direct contact between interested private sector individuals and entities with foreign importers and businessmen, especially of the U.S A.
8. Continue to coordinate discussions and agreements among producers, agro-industrialists, exporters, transporters, financial institutions, cold storage owners and processing plant operators to analyze alternatives for business organization and participation of each in export operations.
9. Coordinate with the public sector, private exporters and producer organizations to assure cooperation and timely action in facilitating and providing incentives to export.
10. Coordinate, prepare and accompany producers and exporters from each valley on a trip to the U S A. to visit U.S. private sector importers, brokerage markets, etc
11. Assist interested Peruvian parties in making contacts and arranging visits between themselves and US firm representatives that desire to make specific arrangements for importing Peruvian farm products.

12. Conduct a workshop to bring together U.S. private sector interests with Peruvian producers, agribusinesses and exporters to negotiate deals and formulate recommendations for dealing with problems and constraints to expansion of non-traditional agricultural exports.

D. Project Implementation and Responsibilities

The overall project will be carried out jointly by FDN and FMME with the collaboration of FOPEX, Project Sustain and the IESC. However, FDN will be wholly responsible for implementing the activities supported by the Grant.

Specifically the Grantee will:

1. Carry out actions required to achieve objectives specified in C, above.
2. Assure adequate staffing to carry out the planned activities.
3. Comply with reporting requirements as stated in Attachment 1, Section E.
4. Provide additional resources in cash or in-kind required to carry out activities described in this agreement in accordance with the Financial Plan.

E. Planned Results

As a result of the activities supported by the Grant and complemented by FMME, FOPEX, IESC and Project Sustain assistance, the following results are expected by the end of June, 1986.

1. Given (a) that the purpose of this Grant agreement is to support FDN activities to promote non-traditional agricultural exports, (b) that all other project activities are exclusively for the realization of this purpose, (c) that the previous grant was judged very successful and (d) that the FDN hopes to establish itself as a reputable organization that provides

assistance services with identifiable returns to its clientele, then the principle expected output of this follow-on support is the achievement of verifiable, brokered deals on the order of \$2,800,000 in value (this represents the total value of deals brokered necessary to recover the project's \$140,000 in operating and investment expenses provided by USAID if a five percent service fee per deal brokered were to be charged).

2. Given that this project is in a very real sense a living experiment, then the experiment's end goal should be to establish the FDN as a fee charging organization providing agricultural export promotion services on a free-standing basis (USAID intends to evaluate this activity under separate funding arrangements)

*File - FMME (Peru)
subgrant - FDN*

8 August 1985

MEMORANDUM

TO : PRE, Andrea Mohn
FROM : LAC/DR/RD, William L. Rodgers *WRN*
SUBJECT: Peru - Grant to FDN for FMME Activities

Please find attached documentation from USAID/Peru allocating \$80,000 grant to FDN for FMME export activities.

PD-A35-958

AUG 9 1985

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Department of State

INCOMING TELEGRAM

PAGE 01 LIMA 05853 281931Z 7686 051549 AID0199

ACTION OFFICE PPR-01

INFO LASA-03 LADP-04 LADR-03 STDA-01 STAG-02 SAST-01 AGRI-01

STFA-01 RELO-01 MAST-01 PRE-06 /025 AS 1-28

INFO LOG-00 CIAE-00 EB-08 DODE-00 ARA-00 L-03 011 W

233534 281947Z /38

R 281930Z MAY 85
FM AMEMBASSY LIMA
TO SECSTATE WASHDC 4052

UNCLAS LIMA 05853

AIDAC

FOR ANDREA MOHN, PRE/PPR
- BILL ROGERS, LAC/DR/RD
- BOB OTTO, LAC/DR/PS

E. O. 12356: N/A
SUBJECT: NON-TRADITIONAL AGRICULTURAL EXPORT PROMOTION
ACTIVITIES FUNDACION PARA EL DESARROLLO NACIONAL (FDN)

REF: (A) MOHN/FAULKNER TELCON 4/3/85, (B) LIMA 2521,
(C) LIMA 3557

1. THIS IS A FOLLOW-ON CABLE TO REFERENCES ABOVE WHICH REQUESTED AID/W SUPPORT FOR SUBJECT ACTIVITY.
2. MISSION NOW MOVING FORWARD WITH THE DEVELOPMENT OF A LETTER GRANT WITH FDN TO BUILD UPON SUCCESSES DOCUMENTED IN REF (B). BELIEVE FMME STATESIDE MARKET INTELLIGENCE AND TECHNICAL ASSISTANCE SERVICES TO BE CRITICAL TO LOCAL EFFORT EFFECTIVENESS.
3. IF AID/W CANNOT PROVIDE DIRECT SUPPORT TO LOCAL INSTITUTION (FDN), BUT CAN ASSIST STATESIDE EFFORTS OF FMME IN SUPPORT OF THIS ACTIVITY, MISSION WOULD APPRECIATE YOUR PROCEEDING WITH NEGOTIATIONS WITH FMME AND ADVISE ASAP OF THE SPECIFIC NATURE OF ADD-ON SUPPORT FINANCED ACTIVITIES.
4. PLEASE ADVISE STATUS ASAP. JORDAN

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Department of State

TELEGRAM

PAGE 01 LIMA 03557 292011Z
ACTION AID-00

5602 008295 AID6903

ACTION OFFICE PPR-01
INFO LASA-03 LADP-04 LADR-03 STAG-02 SASI-01 AGRI-01 STFA-01
RELO-01 MAST-01 PRE-06 024 A4 81

INFO LOG-00 COPY-01 EB-09 ARA-00 AGRE-01 /010 W
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FM AMEMBASSY LIMA
TO SECSTATE WASHDC 2730

UNCLAS LIMA 03557

AIDAC

FOR ANDREA MOHN, PRE/PPR
INFO COPY TO BILL ROGERS, LAC/DR/RD
- BOB OTTO, LAC/DR/PS

*Responded to Faulkner
in person.*

E. O. 12356: N/A
SUBJECT: NON-TRADITIONAL AGRICULTURAL EXPORT PROMOTION
ACTIVITIES FUNDACION PARA EL DESARROLLO NACIONAL

REF: (A) LIMA 2521

1. THIS IS A FOLLOW-ON CABLE TO REF (A) ABOVE WHICH REQUESTS AID/W SUPPORT FOR SUBJECT ACTAVITY.
2. THE MISSION IS VERY INTERESTED IN AID/W RESPONSE AND WOULD LIKE TO BE ABLE TO CONTINUE SUPPORTING SUBJECT EFFORTS.
3. PRELIMINARY OBSERVATIONS OF MARKETING SECTOR ASSESSMENT, THAT THE MISSION IS CURRENTLY CARRYING-OUT, INDICATE SUBSTANTIAL OPPORTUNITIES IN THE EXPORT OF NON-TRADITIONAL AGRICULTURAL PRODUCTS. BUT SELECTED TECHNICAL ASSISTANCE, MARKET INTELLIGENCE AND INFORMATION COORDINATION SERVICES ARE NEEDED.
4. PLEASE ADVISE STATUS ASAP. OGDEN

*2920-3
-13 # 531*

AM

ACTION MEMORANDUM

TO : Mr. John A. Sanbrailo
Director

FROM: David L. Faulkner DF.
APAD Agric. Economist

SUBJECT: Follow-on Support Grant to the National Development Foundation (FDN) for promotion of non-traditional agricultural exports.

DATE: June 20, 1985

I. Purpose:

Attached for your review and approval is a letter grant agreement with the FDN to promote non-traditional agricultural exports based on a proposal submitted to USAID and subsequent negotiations.

II. Background:

USAID provided a \$25,000 letter grant to the National Development Foundation (FDN) between August and November of 1984. In coordination with and supported by the Fund for Multinational Management Education (FMME) this pilot activity has produced very positive results. The FDN has repeatedly applied its own resources, above the grant level, and demonstrated great skill in achieving grant objectives. Related activities actually started in November, 1983 when the FDN, FMME, the Banco Central de la Reserva and Fondo de Promoción de Exportaciones No-tradicionales (FOPEX) jointly initiated efforts to promote the export of non-traditional agricultural products. As a result of collaborative efforts (lead by FDN), the involved institutions conducted a seminar in March, 1984 that brought together U.S. import firm representatives, Peruvian producers, agribusiness representatives, exporters and public sector officials. The seminar was a key event in non-traditional export promotion efforts of the past year. Coordination, organization, brokering and market analysis efforts have continued since that time and beyond the period of USAID grant support.

Funded by PRE

The attached letter grant for your review/approval and the attached documents (Joint FMME, FDN Progress Report; FDN Report on Activities and Successes; FDN Proposal for Additional Support; and USAID cable documentation) provide detailed information of efforts and accomplishments. Several export deals of non-traditional agricultural products have been realized; a high level of producer interest and involvement has been achieved; communication lines have been established among involved parties, experience has been gained and a number of additional, pending export deals are expected to be culminated subject to acceptance of export product samples by potential buyers.

III. Discussion:

The current FDN proposal is for additional support to continue the pilot promotion program, and to test a program of information and technical assistance services on a user fee basis. The grant will assist FDN to apply greater resources to coordination and technical assistance services through the addition of four full time professionals. These services are expected to become self-supporting over-time, through user charges. The grant also will assist FDN to establish a pilot micro-computerized center of market information and intelligence. Additional planned activities include another workshop focused on working sessions to negotiate deals among the Peruvian and U.S. participants. The workshop currently is planned for March of 1986.

FDN pilot efforts will continue to be supported by stateside FMME activities for an as yet unspecified time period. As a result of Mission dialogue with Andrea Mohn of PRE, she has decided to transfer an additional \$23,000 of support to FMME in support of Peru and the FDN. She is currently negotiating an extension with FMME and will advise ASAP.

Given that the current FY-85 PD&S funding availability of \$80,000 is less than the total proposed amount of grant assistance of \$140,000, we propose to request the balance of \$60,000 from FY-86 funds. We also propose to budget an additional amount of FY-86 PD&S funds to objectively evaluate this pilot project as a major input to development of the proposed FY-87 export promotion project.

IV. Recommendation:

That you approve follow-on support to the FDN pilot program by signing the attached Letter of Agreement, which describes the project and obligates \$80,000 of FY-85 PD&S funds as the first increment of the grant.

APAD:DFaulkner:rov

Clearances:

APAD:FMann (in draft)
ACTGOARD:WSugrue (in draft)
PS:MJohnson (in draft)
PROG:RMaushammer (in draft)
CONT:RBonaffon (in draft)
ACTDD:GWachtenheim (in draft)

Attachments:

1. Original FDN proposal
2. Joint FMME/FDN Progress Report
3. FDN Report on Project Activities and Successes
4. Mission Cables to AID/W/PRE regarding joint efforts of FMME/FDN.

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