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INTERAGENCY AGREEMENT

BETWEEN THE AGENCY FOR INTERNATIONAL DEVELOPMENT  
AND  
THE OVERSEAS PRIVATE INVESTMENT CORPORATION  
WEST BANK GAZA

1. Project Title Project Development and Support		2. Project Number 294-0159.26	
3. Appropriation Symbol -72-113/41037		4. Budget Plan Code -HES3-94-33294-IG-12	
5. Funds Control Number 4632005		6. Fiscal Year 1994	
7. Completion Date February 1, 1995		8. Original X or Amendment No.	
9A. Prior Funding	9B. Funding Obligated this Document \$230,000	9C. New Total Funding \$230,000	
10. Authority Sections 103 through 106, and Section 632 (b) of the Foreign Assistance Act of 1961, as amended			
11. Brief Program Description As part of the Administration's effort to support the Middle East peace process, the program will encourage U.S. private investment in the West Bank/Gaza through OPIC-led investment promotion activities. The Initiative is further described in Annex A and attached hereto.			
12. Liaison Offices/Additional Representatives			
A. Overseas Private Investment Corporation Richard Greenberg		B. Agency for International Development Dorothy Young	
13A. Signature by Authorized Representative OVERSEAS PRIVATE INVESTMENT CORPORATION BY <u>[Signature]</u> NAME Richard Morningstar TITLE Senior Vice President for Policy & Investment Development DATE <u>2/5/94</u>		13B. Signature by Authorized Representative AGENCY FOR INTERNATIONAL DEVELOPMENT BY <u>[Signature]</u> NAME George Laudato TITLE Deputy Asst Administrator Bureau for Asia and the Near East DATE <u>Feb. 9, 1994</u>	
14. This Interagency Agreement consists of this face sheet and the following items (if checked):			
X	Schedule	X	Annex A - Program Description
X	Annex B - Financial Plan and Budget	X	Annex C - Standard Provisions

## SCHEDULE

### A. Purpose of Agreement

This Agreement between the Recipient Agency, Overseas Private Investment Corporation (OPIC) and the United States Agency for International Development (USAID) is entered into under the authority of Section 632 (b) of the Foreign Assistance Act of 1961, as amended. The purpose of this Interagency Agreement (IAA) between the Overseas Private Investment Corporation (OPIC) and USAID is to define the procedures pursuant to which USAID shall reimburse funds to OPIC for implementing and conducting an investment mission to the West Bank/Gaza, a reverse mission to the United States, and providing an information service to interested investors.

### B. Purpose of Program

As part of the Administration's effort to support the Middle East peace process, the program will encourage U.S. private investment in the West Bank/Gaza through OPIC-led investment promotion activities. The Initiative is further described in Annex A and attached hereto.

### C. Fiscal Terms

1. Execution of this Agreement constitutes an obligation by USAID of the funds specified in Block 9B of the face sheet of this Agreement.
2. USAID funding for the Program is limited to the amount obligated. The Recipient Agency agrees to use its own appropriated funds to finance future, ongoing program activities after funding provided by USAID under this Agreement has been expended.
3. The financial plan in Annex B sets forth the budget for implementation of the Program. Within the total budget amount for the Program, the Recipient Agency may adjust individual line items, provided that (1) any adjusted line item does not change by more than fifteen (15) per cent of the amount shown for that line item in the financial plan and (2) the Recipient Agency gives USAID written notice of the adjustments. Adjustments to the budget that exceed 15 per cent for any one line item shall require prior written approval of USAID.

### D. Billing and Financial Reports

1. OPIC will bill USAID through OPAC procedures or by submitting a Standard Form (SF) 1081 to:

Agency for International Development  
FM/CARD  
Interagency Billing Unit  
SA-2, Room 603  
Washington, D.C. 20523-0208

2. Three (3) copies of each quarterly financial report required under Section B.2 of the Standard Provisions (Annex C) of this Agreement shall be furnished to the above-stated address. In addition, a copy of each financial report shall be submitted to:

Agency for International Development  
ANE/NE/ME  
SA-2, Room 102  
Washington, D.C. 20523-0219

**E. Special Provisions**

1. OPIC shall comply with USAID environmental regulations (22 CFR Section 216, "Regulation 16") with respect to activities to be undertaken under this Agreement. At the request of OPIC, USAID will provide further guidance to assist OPIC in complying with Regulation 16.
2. Country/Area Eligibility: Except as USAID and OPIC may otherwise agree in writing, activities are limited to Gaza and the West Bank.
3. Procurement
  - a. OPIC agrees to use the funds transferred hereby to cover the administration and related costs of the Program, and the award of contracts. The funds will be administered by OPIC including procurement actions, monitoring, and follow-up in accordance with OPIC's procedures, unless otherwise agreed to by USAID.
  - b. Further, OPIC shall procure or obtain goods of U.S. source and origin and, in the case of services, of U.S. nationality. OPIC may procure goods and services from non-U.S. sources upon consultation with and approval by USAID.
4. To ensure compliance with Section 547 of the 1994 Foreign Assistance Appropriations Act, OPIC shall follow the following standard guidance provided by

## USAID/PPC/POL/PAR:

- a. No funds or other support provided hereunder may be used in a project or activity reasonably likely to involve the relocation or expansion outside of the United States of an enterprise located in the United States if non-U.S. production in such relocation or expansion replaces some or all of the production of, and reduces the number of employees at, said enterprise in the United States.
  - b. No funds or other support provided hereunder may be used in a project or activity the purpose of which is the establishment or development in a foreign country of any export processing zone or designated area where the labor, environmental, tax tariff, and safety laws of the country would not apply, without the prior written approval of USAID.
  - c. No funds or other support provided hereunder may be used in an activity which contributes to the violation of internationally recognized rights of workers in the recipient country, including in any designated zone or area of that country.
5. The USAID funds will be administered in accordance with OPIC procedures, including those procedures relating to procurement, monitoring and follow-up, except as otherwise specified herein.
  6. The parties agree to consult informally, as appropriate, to promote success of the program.
  7. For purposes of liaison and administration under this agreement, USAID will be represented by the Project Officer, Dorothy Young, ANE Bureau, Office of Middle East Affairs (ANE/NE/ME), or others who may replace Ms. Young; and OPIC will be represented by Richard Greenberg, Program Manager for Investor Services, Latin America and Asia, OPIC, or others who may replace Mr. Greenberg.
  8. Program Reports
    - a. Within two weeks of the date of this IAA, OPIC will submit to the ANE/NE/ME Project Officer a

brief report on the results of OPIC's January 1994 field reconnaissance trip to the West Bank/Gaza, including host government and private sector views and investment possibilities. Such report shall be submitted in three copies.

- b. Within sixty days of the completion date of the investment mission to the West Bank and Gaza, OPIC and USAID/ANE will collaborate in drafting a reporting cable on preliminary findings and initially anticipated business results. OPIC and USAID/ANE will collaborate in drafting a subsequent and supplementary reporting cable as soon as the results of the investment mission activities are available.
- c. Within sixty days of the completion date of the reverse investment mission to the U.S., OPIC and USAID/ANE will collaborate in drafting a reporting cable on preliminary findings and initially anticipated business results. OPIC and USAID/ANE will collaborate in drafting a subsequent and supplementary reporting cable as soon as the results of the reverse investment mission activities are available.
- d. Within thirty days of the completion date, OPIC shall submit a final report to include a narrative description of the program, summary of accomplishments and problems encountered and any recommendations for follow-on action. Such report will, in particular, indicate investments, joint ventures, export sales and other forms of cooperation which OPIC believes have been stimulated by the missions. Such report shall be submitted to ANE/NE/ME in three copies.
- e. OPIC hereby agrees to provide USAID with copies of all evaluation or other reports generated by federal or outside sources, and such other information as USAID may, from time to time, request concerning the progress, impact or success of the Program.

## ANNEX A

### West Bank/Gaza Investment Promotion Program

#### Program Description

##### Program Purpose

A key component of the Administration's assistance package for the West Bank/Gaza is the encouragement of U.S. private investment through OPIC programs. Although substantial grant-type aid is needed in the short-term, private investment will be the key to economic development in the medium to long term, and most of it will need to come from foreign investors.

The Administration's assistance package included \$100 million over the next two years in OPIC assistance through its insurance and finance programs. For potential U.S. investors, however, West Bank/Gaza is essentially an unknown, and is likely to be viewed as having an unfavorable investment climate. To encourage investment interest by U.S. firms, the OPIC/USAID investment promotion program will assist U.S. firms to identify and evaluate opportunities and potential joint venture partners. The program will seek specifically to identify projects for U.S. investment that (a) address the most urgent development needs of the West Bank/Gaza; and (b) will be eligible for OPIC loans, loan guaranties and/or insurance.

##### Program Description

A variety of investment promotion tools will be used under the program. OPIC has considerable experience in using these tools, and has done so successfully in joint programs with USAID in Latin America, Africa, the NIS and Eastern Europe. The program activities, which will be conducted over a twelve month period, are expected to include: (1) an investment mission to West Bank/Gaza; (2) a reverse mission of Palestinian firms and officials to the U.S.; and (3) ongoing information services to U.S. and Palestinian firms. A detailed work plan will be prepared by OPIC in consultation with USAID which will also include the planned timing for the investment mission as well as the reverse mission.

##### Planned Activities

1. **Investment Mission** - An investment mission will be planned and conducted during the period of this agreement. The purpose of the mission will be to introduce a group of carefully selected U.S. firms to opportunities in the West Bank/Gaza and to help them identify partners. The program will charge a fee to U.S. firms participating in the mission; participants will also be expected to cover the cost of travel and accommodations.

2. **Reverse Mission** - A reverse mission will also be planned and conducted during the period of this agreement. Its purpose will be to provide a large group of U.S. firms with information about investing in the West Bank/Gaza, and the opportunity to meet with Palestinian firms and officials representing key sectors. Program funds will be used to help sponsor the travel of select Palestinian firms and officials.

3. **Information Services** - These services will be provided on an ongoing basis for the entire period of the agreement - the next 12 months. Services will include (a) collection and dissemination to U.S. firms of information about key sectors and specific investment opportunities in the West Bank/Gaza; (b) responding to inquiries about OPIC insurance and finance; and (c) outreach to U.S. and Palestinian firms that might be good candidates for partnerships.

#### Financial Plan

1. **Funding** - An illustrative budget is presented in Annex B to the Interagency Agreement.

2. **Leverage of Program Funds** - The program will highly leverage its funding by supporting the flow of OPIC assistance on a timely and highly developmental basis. OPIC will provide loans, loan guaranties and/or investment insurance to projects identified through the program that meet all of OPIC's normal criteria. The program will considerably improve prospects for early identification of investments that can be assisted by OPIC finance and insurance. USAID Program funding of \$230,000 can be expected to help generate up to \$25 million in OPIC loans and loan guaranties and up to \$25 million in investment insurance over the next two years.

#### Program Management and Administration

OPIC will designate a project manager who will be responsible for overseeing all aspects of the program. The project manager will be assisted by a program associate. OPIC will assume all administrative and overhead costs associated with management of the program in the U.S., including office space, computers, and supplies. OPIC will use a local contractor for management and administrative support in the West Bank/Gaza. Also, in managing the program OPIC will seek opportunities to leverage program funds by collaborating with other U.S. Government agencies and with private entities working to encourage investment in the West Bank/Gaza.

ANNEX B

West Bank/Gaza Investment Promotion Program

Illustrative Financial Plan and Budget for FY 94

Contractors	
Program Assistant	\$60,000
Field Assistants	\$40,000
Travel	
Investment Mission	\$ 8,000
Reverse Mission	\$97,000
Marketing/Promotion/ Conference Expenses	<u>\$25,000</u>
TOTAL	\$230,000