

PD-ABK-904

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

AMENDMENT NO. 2
TO THE
PROJECT MEMORANDUM

NEW INDEPENDENT STATES:
ENTERPRISE FUNDS
(110-0011)

APPROVED: MARCH 31, 1995



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MAR 31 1995

**ACTION MEMORANDUM FOR THE DEPUTY ASSISTANT ADMINISTRATOR, BUREAU
FOR EUROPE AND NEW INDEPENDENT STATES**

FROM: *Richard Johnson*
Richard Johnson, ENI/ED

SUBJECT: New Independent States: NIS Enterprise Fund Project
(110-0011) Authorization Amendment No. 2

ISSUE: Your authorization is required to extend the Project Assistance Completion Date (PACD) for this project for a period of three years from June 1, 1997, to June 1, 2000. No additional funds beyond the currently authorized total life-of-project (LOP) amount of \$741 million are required at this time.

BACKGROUND: This project was authorized on August 11, 1993, at a LOP funding level of \$400 million, with a preliminary life-of-project period of four years and a PACD of June 1, 1997. A copy of the original project authorization is included at Attachment A. The project was amended on February 28, 1994, to include new enterprise funds and to increase the LOP funding from \$400 million to \$741 million. A copy of the amendment is included at Attachment B.

The European Bank for Reconstruction and Development (EBRD) has requested the extension. EBRD is in the final stages of negotiations with a private fund manager - a consortium of two well-established U.S. venture capital firms, Hancock Venture/Point Venture Partners - to manage the Regional Venture Fund (RVF). ENI/ED participated in the selection of the Fund Manager and concurs with the EBRD's choice.

The last substantive issue in the negotiation of the management contract between the EBRD and the Fund Manager relates to the USG's commitment to the life of the project. The current PACD, June 1, 1997, is approximately one and one half years prior to the time the Fund Manager would draw down all of the USG grant funds (projected for FY 1999 under USAID's Grant Agreement with the EBRD for this project).

The EBRD wants to be able to assure the Fund Manager that the USG plans to support the project through FY 1999, at least. ENI/ED concurs that an extension of the PACD into FY 2000 will enable the EBRD to conclude negotiations with the Fund Manager and allow the RVF to begin operations. Amendment of the RVF Grant Agreement's completion date (June 1, 1997) is not being proposed

at this time, but is a likely future action. For now, the EBRD is satisfied with an extension of the PACD.

In addition, an extension of the PACD is consistent with ENI's projected LOP funding for most of the other NIS Enterprise Funds. The current funding projections for those Funds are shown in Attachment C.

Except for the PACD extension, no other change in the project is requested at this time.

CONGRESSIONAL NOTIFICATION: It is not necessary to notify Congress for a PACD extension.

AUTHORITY: In Delegation of Authority No. 400 and Interim Reorganization Delegation of Authority No. 1, dated October 1, 1993, the Administrator delegated to the Assistant Administrator for the ENI Bureau the authority to take the actions recommended in this memorandum. On April 23, 1994, in Delegation of Authority No. 300, the Administrator delegated to you the authority to act as the alter ego of the Assistant Administrator of the ENI Bureau.

RECOMMENDATIONS: That you sign below to approve the extension of the PACD for the Enterprise Fund project from June 1, 1997, to June 1, 2000, for the reasons cited above. You are also requested to sign Project Authorization Amendment No. 2 at Attachment D.

APPROVED: _____

DISAPPROVED: _____

DATE: _____

Attachments to Authorization Package:

- A - Original Authorization
- B - Project Authorization Amendment No. 1
- C - Current LOP Funding Projections for
NIS Enterprise Funds (Project No. 110-0011)
- D - Project Authorization Amendment No. 2

PROJECT 110-0011, NIS ENTERPRISE FUNDS, AUTHORIZATION AMENDMENT
FOR PACD EXTENSION

Drafted by: ENI/PD/B:NNewman:3/10/95

Clearance:

DAA/ENI:CPascual PB date 3/31/95
✓ ENI/PD:PThorn PT date 3/24/95
ENI/ED/EF:JMoran e-mail date 3/17/95
ENI/ED/EF:RRousseau e-mail date 3/17/95
ENI/PCS:PMatheson draft date 3/23/95
ENI/PCS\B:SHudec PT date 3/27/95
ENI/FS:PCallen PAC date 3/27/95
ENI/NCA:PBaldwin PB date 3/27/95
GC/ENI:MFittipaldi MJF date 3/24/95 w/changes as indicated
S/NIS:WPrimosch phone date 3/16/95

cc: M/OP/ENI/EPE
ENI/EEUD/ENR

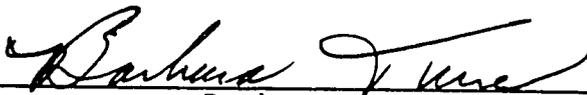
ATTACHMENT D

PROJECT AUTHORIZATION - Amendment 2

Name of Country: New Independent States (NIS)
Name of Project: NIS Enterprise Fund
Number of Project: 110-0011

Pursuant to the Foreign Assistance Act of 1961, as amended (FAA), and in relation to the Project Authorization dated August 11, 1993, and Project Authorization Amendment No. 1 dated February 28, 1994, I hereby amend the authorization of the NIS Enterprise Fund Project (110-0011) to extend the Project Assistance Completion Date for a period of three years, from June 1, 1997 to June 1, 2000.

Except as modified herein, the authorization for the NIS Enterprise Fund Project, as amended, remains in full force and effect.



Barbara Turner
Deputy Assistant Administrator
Bureau for Europe and New Independent States

3/31/95

Date