



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
REGIONAL DEVELOPMENT OFFICE CARIBBEAN

PD-ARN-919
CONFIRMED COPY
93621

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September 29, 1995

Mr. Peter Johnson
Executive Director
Caribbean/Latin American Action
1818 N. Street, N. W.
Suite 310
Washington, D. C. 20036
U.S.A.

Dear Mr. Johnson:

Subject: Grant Agreement No.538-0000-G-5207-00

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 Caribbean/Latin American Action (hereby referred to as "C/LAA" or "Recipient"), the sum of \$50,000 to provide support for the development of a Caribbean Enterprise Foundation, as described in the Schedule of this Grant Agreement and the Attachment 2, entitled "Program Description."

This Grant Agreement is effective and obligation is made as the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending March 31, 1996.

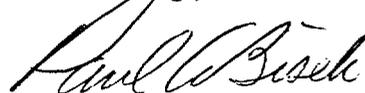
The Grant Agreement is made to C/LAA, on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled the Schedule, Attachment 2, entitled "Program Description," and Attachment 3 entitled "Standard Provisions," which have been agreed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

Mr. Peter Johnson

Page 2

Please sign the original and each copy of this letter to acknowledge receipt of the grant, and return the original and all but one copy.

Sincerely,



Paul A. Bisek
Acting Mission Director

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

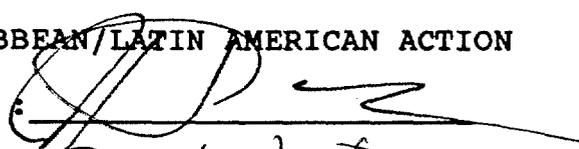
ACKNOWLEDGED:

CARIBBEAN/LATIN AMERICAN ACTION

By

Title:

Date:


Executive Director
October 3, 1995

FISCAL DATA

Appropriation: 725/61021.1.
Budget Plan Code: LDV5-95-25538-KG13
Total Estimated Amount: \$50,000
Total Obligated Amount: \$50,000
Funding Source: USAID/RDO/C

SCHEDULE

A. Purpose of Grant

The purpose of this grant is to provide support for the development of a Caribbean Enterprise Foundation in the Eastern Caribbean Region, as more specifically described in Attachment 2, entitled "Program Description".

B. Period of Grant

The effective date of this Grant Agreement is the date of the grant officer's signature, and the expiration date is March 31, 1996.

C. Amount of the Grant and Payment

1. A.I.D. hereby obligates the amount of \$50,000 for purposes of this Grant Agreement.
2. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3 - Optional Standard Provision No. 1, entitled "Payment - Letter of Credit".

D. Financial Plan

The following is the Grant Agreement Budget, including local cost financing items, if authorized. Revisions to this budget should be made in accordance with Standard Provision No. 4, entitled "Revision of Grant Budget":

1.	Consultants Fees	\$28,500
2.	C/LAA Administrative Costs	2,500
3.	Travel	10,500
4.	Communication Expenses	6,000
5.	Printing	1,000
6.	Office Supplies	1,000
7.	Miscellaneous Expenses	500
	TOTAL	\$50,000

E. Reporting and Evaluation1. Financial Reports

Financial reports shall be submitted as described in Standard Provision 1, Payment - Letter of Credit. Information copies of all reports shall be forwarded to the Controller, RDO/C.

2. Performance Reports

a. The recipient shall submit two technical reports to the Director's Office, RDO/C not later than November 30, 1995 and January 31, 1996. The November 30 report will form the basis of discussions with C/LAA and the private sector at the Miami Conference. Each performance report shall include the following:

- 1) Progress on analyses undertaken with copies of completed consultants reports;
- 2) Reasons for delays; and
- 3) Schedule of expenditures.

b. Final Report

Upon completion of this agreement, the recipient shall submit a report documenting the results of analyses and including conclusions and specific recommendations for a feasible and appropriate CEF model.

PROGRAM DESCRIPTION

CARIBBEAN/LATIN AMERICAN ACTION

1. Summary

Caribbean/Latin American Action (C/LAA) will implement activities under a six month grant to assist the Eastern Caribbean private sector in establishing a non-profit, non-governmental organization for expanding export-oriented business opportunities in Barbados and the Eastern Caribbean.

The economic survival of these countries depends on their ability to participate profitably in the global economy. To this end, governments have been undertaking macro-economic policy reforms to create environments conducive for improved competitiveness which businesses must necessarily achieve in order to increase exports. On the other hand, the private sector is not fully equipped to meet the challenges of global competitiveness. Factors inhibiting the private sector capability include the following:

1. A limited number of competent business leaders;
2. A general orientation towards traditional export and service industries;
3. An inability to attract investment capital and credit;
4. A general aversion to risk taking for expansion and diversification of business activity, and
5. Inaccessibility of information on global markets, production, technology, etc.

Existing approaches have included many programs which are attempting, or have attempted in the past, to address these constraints. Although useful, most have to date made limited contributions. Such programs include:

- Promotion and marketing assistance, e.g., Caricom Enterprise Development Project (CEDP), ECIPS, National Industrial Export Development Corporation.
- Financial assistance, e.g., loan guarantee programs, Caribbean Financial Services Corporation (CFSC), etc.
- Fiscal incentives, such as, tax holidays, subsidized factory space and preferential markets (CBI and Lome).

- Training programs to upgrade management.
- Technical assistance programs providing consultancy services or technical information on markets.
- Institutional support programs to enhance the capacity of the private sector institutions to encourage and provide investment in non-traditional exports.

The above are programs which though created to assist the private sector, are in fact administered by the public sector.

The Caribbean Enterprise Foundation (CEF) represents a different entrepreneurial approach to assisting the region's private sector. It is intended as a market-driven approach which may be the most direct way to multiply export earnings and expand entrepreneurship. It is patterned on a successful precedent in the hemisphere known as Fundacion Chile.

CEF will concentrate its resources on business expansion in three sectors: agro processing, niche tourism and infomatics. These sectors have been identified as areas where market possibilities are very encouraging and in which it is perceived Eastern Caribbean countries have great potential for comparative advantage.

The objectives of this grant will be to:

- refine the concept of CEF through analysis of the premises as a basis for establishing the entity.
- develop the operational mechanisms necessary for ensuring a functional and effective organization.
- formalize CEF as a model for entrepreneurial development.

In order to accomplish these objectives, C/LAA will secure specialty consultancy services to perform the following tasks:

1. Clarifying the CEF concept, documenting the premises on which it is founded, establishing the justification for its existence, and confirming its expected impact.
2. Developing and documenting business plans and operational guidelines and administrative structures.
3. Establishing CEF as a legal entity.