

UNCLASSIFIED

Annual Budget Submission

FY 1984

BUREAU FOR PRIVATE ENTERPRISE

PRE/ OFFICE OF BUSINESS RELATIONS



June 1982

Agency for International Development
Washington, D.C. 20523

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OFFICE OF BUSINESS RELATIONS

1984 ANNUAL BUDGET SUBMISSION

JUNE 1982

Development Related Activities

With the expansion of the Office of Business Relations the funds allocated under this heading will be used to support activities which will reflect OBR's increased effort to involve U.S. business in development related projects. In accord with legislative requirements, particular emphasis will be given to those activities which include the participation of U.S. small and minority business with LDC indigenous private sectors. An integral part of this effort will be the implementation of a major initiative to create a more effective "doorway" into AID -- one well identified -- through which the U.S. business community is encouraged to walk. The OBR will serve AID and the business community as a one stop shopping center; capable of providing substantive advice on all aspects of doing business with AID.

Although other specific projects have not yet been identified, the expansion of OBR functions will bring an assortment of projects on line during FY 1983.

It is planned that such projects will involve some or all of the following characteristics:

- (a) meaningful transfer of appropriate technologies, both hardware and knowledge.
- (b) joint venture and investment relationships, as well as other linkages between indigenous small firms and U.S. business, which will stimulate employment and foreign exchange earnings within the LDCs.
- (c) training and educational aspects which will support the free market orientation of LDC policies and lead to a greater exchange of goods between LDC firms and U.S. firms.
- (d) effort to match up the interests of U.S. firms with the interests of LDC firms as a basis for possible cooperation and mutually profitable entrepreneurial activity.

The kinds of projects expected to evolve which would include the characteristics noted are:

- (a) support of workshops or seminars, either domestic or in the field, where business people can discuss their products, processes and technology.
- (b) support of special exhibitions of technology or products where the focus would be specifically on the development needs of a country or region.
- (c) joint effort or participation with other AID bureaus where there is need for a business component and private sector orientation support which the bureau seeks from outside its own shop.

- (d) support of an improved information flow from LDCs to U.S. business that will help identify undertakings of mutual benefit to U.S. business and LDC economies.
- (e) support of the proposed AID International Private Investment Advisory Council.

July 16, 1982

WORLD TRADE INSTITUTE (WTI)

Description

WTI is a major unit of the Port Authority of New York. AID's project with WTI was created in 1973, justified as a "211d" institution-building activity, and established for the purpose of providing training programs/services and technical assistance in export development to LDCs.

The success of initial programs of technical assistance and training has caused an impressive increase in the number of projects (trade laboratories, market opportunity services, investment promotion, client request services) and training programs (export industry development and trade promotion, port administration and operation, procurement and stores management, and airport administration and operation).

USAIDs have sponsored many participants in WTI's training programs in view of the LDC need to foster trade, especially their own exports. In carrying out these training programs, WTI focuses on those export activities which will significantly result in job creation and increased demand for LDC raw materials or other indigenous products.

Beginning in late FY 1982, PRE/OBR has negotiated a new activity to be performed by WTI which is to provide a market intelligence service (for international marketing and procurement). The service is designed to facilitate trade opportunities between the private sectors of the U.S. and developing countries, with special attention for the concerns of small and medium-sized business. The key to this activity is the framework the service provides for systematically applying collected data to specific operational situations. The service will directly benefit LDCs seeking access to industrialized countries and U.S. companies seeking access to LDCs.

Future

About 70% of WTI's income is now derived from direct client payments. In 1982 total revenues will be \$1,100,000 comprised of \$586,000 in AID core funding and projected client revenues of \$614,000. The percentage of outside client income has exceeded projections. WTI is receiving increased attention from both the U.S. and LDC private sectors as a source of valuable commercial and training assistance.

It is proposed that AID funding of WTI continue at the present level of \$586,000 annually through FY 1984 and be reduced or phased out thereafter.

June 4, 1982

INTERNATIONAL MANAGEMENT AND DEVELOPMENT INSTITUTE (IMDI)

Description

IMDI is a nonprofit educational institute located in Washington, D.C. Through its executive seminars, management training, Government-industry programs, research and publishing, IMDI works to strengthen corporate management teams internationally. IMDI has about 1200 members. Its revenues derive from Government contracts/grants (White House, State, ICA, Foreign Service Institute, and AID), tuition and conference fees, and from corporate grants.

AID's grant to IMDI of \$100,000 (FY 1981/82) has been in support of the so-called "Fowler-McCracken Commission" on "Improving Government-Business Cooperation in the Conduct of International Economic Policy." The Commission is Chaired jointly by Henry Fowler, former Treasury Secretary, and Paul McCracken, former CEA Chairman. The AID grant finances 10 percent of the Fowler-McCracken Commission; the U.S. Department of Commerce is financing 15 percent. The remaining 80 percent is being financed by private companies (e.g., Gulf, Dow Corning, Chase Manhattan).

The activities of the Commission have involved extensive attention to current U.S. economic problems and their relation to LDC economic issues. PRE/OBR has had considerable input into the design of a number of Commission meetings and has been able to bring about considerable attention to developmental issues and questions related to LDC productivity, trade and investment.

We expect to need \$50,000 during FY 1983 for continuing activities related to the Fowler-McCracken Commission. Assuming the success of this work, it is likely that IMDI will seek funding assistance during 1984 for continued or related activities concerning U.S. business-government relationships which will involve concerns for LDC economic development. Therefore \$50,000 is requested for FY 1984 to support the AID-IMDI relationship.

An evaluation of the benefits of a relationship between AID and IMDI is proposed to help determine if AID funding should continue after 1984 and for how long.

June 4, 1982

FY 1984 ANNUAL BUDGET SUBMISSION -

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

Country/Office PRE/SDB

<u>DEVELOPMENT ASSISTANCE</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984 REQUEST</u>	<u>PLANNING PERIOD</u>		
	<u>EST</u>	<u>EST</u>		<u>1985</u>	<u>1986</u>	<u>1987</u>
Selected Development Activities:						
Grants	686*	936	936	936	936	936

*Operational Funding

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TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
 FY 1982 to FY 1984
 (\$ thousands)

Country/Office PRE/SDB

<u>APPROPRIATION ACCOUNT</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FISCAL YEAR 1984</u>
Selected Development Activities:			
World Trade Institute	586*(G)	586(G)	586(G)
Trade and Development Related Activities	50*(G)	300(G)	300(G)
International Management and Development Institute	50*(G)	50(G)	50(G)
*Operational Funding			

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		ESTIMATED U.S. DOLLAR COST (\$000)												Country/Office	
		FY 1982						FY 1983						PRE/SDB	
NUMBER	PROJECT TITLE	OBL	OBLIGATION DATE		LIFE OF PROJECT COST	CON PIPELINE AS OF 9/30/81	FY 1982		FY 1983		FY OBLIGATIONS				ITEM #
			INITIAL	FINAL			OBL	EXP	OBL	EXP	1984 APPL TO MO/YR	1985	1986	1987	
1.	World Trade Institute	G					586*	586	586	586	586	586	586	586	
2.	Trade and Development-Related Activities	G					50	300	300	300	300	300	300	300	
3.	International Management and Development Institute	G					50	50	50	50	50	50	50	50	
*Operational Funding															

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TABLE V - FY 1984 PROPOSED PROGRAM RANKING		Country/Office				
RANK	PROGRAM ACTIVITY	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)	
	DESCRIPTION				INCR	CUM
1.	World Trade Institute		G		586	586
2.	Trade and Development Related Activities		G		300	300
3.	International Management and Development Institute		G		50	50

PRE/SDB